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# FINANCIALTIMES

No. 29,641

Peugeot, the private car group, a FFr 2bn (\$214m) loan to help fi-

next year. The group reported low-er losses of FFr 341m last year com-pered with a FFr 2.59bn deficit in 1983. Page 18

WALL STREET: At 3pm the Dow

Jones industrial average was up 2.24 at 1,313.17. Section III

TOKYO shares were broadly higher after a strong rally. The Nikkei-Dow market average gained 109.90 to 12,583.31. Section III

DOLLAR was firmer in London, ris-

ing to DM 3.654 (DM 3.045), SwFr 2.569 (SwFr 2.562), FFr 9.31 (FFr 9.29) and Y249.1 (Y248.8). On Bank

of England figures, the dollar's ex-

change index was 144.6 from 144.7 Page 41

FT Ordinary

Share Index

м<sub>ау</sub> 1985

LONDON stock prices firmed in af-

ternoon trading. The FT Ordinary share index ended 9.5 higher at

1,020.2, its high for the day. Sec-

STERLING lost ground in London,

falling 1.75 cents against the dollar to close at \$1.277. It was also lower

at DM 3.8975 (DM 3.9475), SwFr 3.28 (SwFr 3.315), FFr 11.885 (FFr 12.015) and Y318.0 (Y321.25). The

EUROPE'S 20 main scheduled air-

liners are steadily improving their

financial position and collectively

should be in the black at the end of

dustry received its first oil rig order

for four years in a charter agree-

ment with U.S. oil company Conoco.

JAPAN'S private health care indus-

try received an important boost from the Government with the deci-

sion to grant tax exemptions for health insurance premiums in se-

NESTLÉ, Swiss food and consumer

products group, is raising SwFr 360m through an international is-

sue of bearer participation certifi-

kind by a Swiss company. Page 19

S.G.S., Italy's leading microelec-

shutdown in Italy which could in-volve short-term layoffs for around

SUNTORY, Japan's largest distiller

with a 70 per cent share of the do-

mestic whisky market, reported a 42.3 per cent fall in net profits to

Y8.3bn (\$33.4m) for the year to

LURGI, West German engineering and process plant company, has in-creased its order book this year but

is cautiously holding firm to its plans for rationalisation and cost-

2,000 workers. Page 21

March. Page 20

saving. Page 19

lected areas. Page 20

1020

1010

1000

990

tion III

Wednesday June 5 1985

D 8523 B

#### Portugal's Peugeot **Democrats** granted break up FFr 2bn coalition state loan

Portugal's Social Democratic Party FRENCH GOVERNMENT granted (PSD) informed its Socialist partners in government that it was withdrawing from the two-year-old coalition on June 14, two days after for the launch of a new mini car treaty.

treaty.
The new PSD leader, Anihal Cavaco Silva, has opened a constitu-tional crisis for President Antonio Ramalho Eanes. The move followed

a bitter row over policies.

The PSD pullout could either mean that the entire Government will resign or Premier Mario Soares may choose to continue with a minority government, with the Social Democrats in opposition. Earlier story, Page 3

#### Fourth 'spy' arrested

A retired U.S. Navy communications expert became the fourth person arrested and charged in a spy ring accused of delivering classified documents to the Soviet Union.

#### Crossing reopens

Bulldozers began dismantling militia barriers between the Christian and Moslem sectors of Beirut, but fighting flared again in the city's Palestinian camps.

#### Spanish challenge

Spain's rival trade unions joined forces to organise mass demonstrations against social security reforms in one of the biggest challenges to the Socialist Government since it took office. Page 3

#### Afghan relief force

A Soviet relief force with thousands of troops is fighting its way through the Kunar Valley in eastern Af-ghanistan towards the rebelbesieged garrison at Barikot near the Pakistani border.

#### Financier on trial

Sicilian financier Michele Sindons GOLD fell \$0.75 on the London bulwent on trial accused of ordering lion market to finish at \$315.75. It the Mafia murder of the lawyer in was higher in Zurich at \$318.25. vestigating his failed business em- Page 42

#### Nicaragua truce plan

Nicaragua says it will demilitarise next year," according to the Asso-its border zone near Costa Rica, af-ciation of European Airlines. ter the killing of two Costa Rican NORWAY'S offshore fabricating in-

#### Walesa ill

Polish workers' leader Lech Walesa is ill and cannot give evidence in the trial of three leaders of the banned Solidarity movement.

#### Stroessner wavers

Paraguyan President Alfredo Stroessner appears to be wavering over plans for an official visit to West Germany next month after persistent claims that he is sheltering Nazi war criminal Josef Men-

#### Soldiers removed

Guatemala's military-led Government started to remove soldiers from key posts as part of a move to restore the country to civilian rule next year.

#### London bomb

London police made safe a bomb planted outside the Syrian embas-

#### Soviet ship trapped Soviet research ship Mikhail So-

mov, with 53 aboard, is trapped in thick ice off Antartica.

#### U.S. prayer ruling

The U.S. Supreme Court ruled un-constitutional an Alabama law authorising a minute's silence for meditation or prayer in state

#### Business summary

## U.S. accuses Japan of dumping microchips

#### BY JUREK MARTIN, FAR EAST EDITOR, IN TOKYO

**London SE** 

reform set to

win backing

of members

THE LONDON Stock Exchange is outside groups will be able to con-

set to gain enough support from its trol 100 per cent. Sir Nicholas said members to carry through a radical that so far proxy votes sent in by

reform that will allow international the 3,032 members indicated that

stake as the market in the bulk of the securities industry." Sir Nicho-las said after the 90-minute meet-change from individual members to

Last night, some members were the Stock Exchange itself which

broker said.

Stock exchange members have been asked to support two resolutions in the poll. Resolution 1, once carried, will allow the market's rule carried, will allow the market's rule carried.

ing council to relax a rule which limits groups outside the Stock Ex-

kers and stockjobbers. But last of those voting is required.

BY JOHN MOORE IN LONDON

financial groups and other compa-nies to buy full control of stockhro-

night a key vote for constitutional

changes to the Stock Exchange

At a tense meeting at the stock exchange yesterday, Sir Nicholas Goodison, the chairman, addressed

a packed meeting on the stock mar-

ket's trading floor. He told the

members that proxy votes received

from 3,032 members indicated that

there was so far enough support for

all the changes.
"I believe the members feel the

future of the Stock Exchange is at

pound's exchange rate index was ing. If the constitutional changes member firms. The resolution also fail to gain support, "I have no incorporates an ambitious scheme

changes could be overturned follow-

ing a full poll of the 4,495 members today. "It is on a knife-edge," one

limits groups outside the Stock Ex-change to 29.9 per cent sharehold-

ings in stockbrokers and stockjob-

bers. Once the resolution is passed,

alternative plans," he said.

broker said.

hung in the balance.

THE U.S. has now formally com-plained to Japan that Japanese walks like a duck and I have to con-issues.

riculture Ministry to tackle specific free choice" in buying mobile telemanufacturers are flooding the American market with a key semiconductor, to the detriment of U.S.

industry.

Mr Lionel Olmer, the outgoing Undersecretary of Commerce for International Trade, said in Tokyo yesterday that he had "persuasive evidence" that the price of EPROMs evidence that the price of EPROMS (erasseable programmable read only memory chips) had fallen to the point where no manufacturer could

clude that it probably is a duck." He declined to divulge details of the U.S. charges before presenting them to the Japanese authorities. Mr Olmer denied, however, that the

could not see eye-to-eye on the need for formal anti-dumping action.
The new U.S. charges against Ja-

Commerce and Justice departments

pan came, ironically, on the day when Mr Yasuhiro Nakasone, the Prime Minister, urged his ministers possibly be making money.

"The problem," he went on, "is that no one likes to file dumping charges ... but this is a situation in which the evidence is that it looks

"The manusci, mges dis measurement to "work harder" to finish the promised "action programme" to increase imports by the July deadline.

Mr Nakasone was implicitly critical of the apparent slowness of the Ag-

83.6 per cent were in favour of the

resolution. Only a simple majority

Resolution 2 requires a 75 per cent majority of those voting. So far, out of the 3,032 votes received,

79.3 per cent are in favour of the

proposal. But some members were

arguing that with a substantial

number of votes to be cast today,

and the possibility that proxy votes could be changed, the vote was still

Support for this resolution would

allow the Stock Exchange to amend

its main constitutional document

the deed of settlement. It would al-

eventual proprietorship of the ex-change from individual members to

to create a market in the shares of

signed to compensate members for

the admission of outside groups.

During the meeting Sir Nicholas

heard arguments from numerous

Leigh-Pemberton, without delay.

Continued on Page 18

finely poised.

could be freely t

The current worldwide glut in semiconductors has, according to Mr Michael Connors of Jardine Fleming's Tokyo office, brought the book-to-bill ratio down to about 0.7, against a peak of about 1.2 before the industry began to invest heavily in new productive capacity. Japanese manufacturers have, continued to invest in new plant, concentrating in those sectors, where prices have held up best.

Mr Olmer also laid out yesterday other specific areas of the telecom-munications field in which the U.S. expected Japan to change its prac-tices, focusing on the need for Japa-

**Slower** 

supply

growth in

**UK** money

By Phillip Stephens in London

THE PACE of growth of Britain's

most closely watched measure of

money supply, sterling M3, slowed last month, although it remained well outside the official target

range set by the Government.
The Bank of England reported

that it was estimated to have risen

by about % per cent in the four weeks to mid-May, well below the

2.9 per cent increase seen the previ-

The announcement, which was in

line with expectations, raised cau-tious hopes that if sterling remains

strong, the major commercial

banks might announce a small cut

The general view was that Bar-

clays and Midland, which currently

harge 12% per cent compared to

the 12½ per cent set by National

Westminster and Lloyds, would be most likely to lead any move down-

Economists were cautioning.

owever, that such a cut would de-

Yesterday, sterling fell back

against both a generally strength-

currencies as oil price worries and

It was also being pointed out that

although growth in sterling M3 in May was relatively subdued, it has

risen by 11% per cent over the last

12 months, compared with the Treasury's target range of 5 to 9 per

cent. The annual growth rate over

dence in the British currency.

in base rates over coming weeks.

ous month.

He also charged that intra-group purchases of telecommunications equipment by leading Japanese concerns constituted a serious nontariff barrier as did the Japanese policy of allowing domestic companies to sit in on panels passing judgment of foreign telecommunications equipment seeking Japa-

Yet the general tenor of a valedictory luncheon speech on his 4% does business.
years of negotiating with the Japanese was to balance outstanding problems with the progress, espe-cially in attitudes, that he thought

free choice" in buying mobile tele-phones, for use in cars.

gested that Canadian and Euro-pean, especially French, protection of its telecommunications industry

were as "disturbing" as Japan's. But Japan, he argued, had to accept that on tenet of post-war U.S. trade policy - the concept of fair na-tional treatment - had been replaced by another, the need for reci-procity, and that this might indeed mean that Japan, with its tightly knit familial society, needed change its approaches to the way it

This would embrace a less intru-

sive role for government. SGS group plans massive lay-offs, Page 21

## Australia plans crackdown on tax shelters

AUSTRALIA's Labor Government firm legislative proposals before the draft white paper (policy docu-ment), on taxation that proposes

by 52.7 points.

closely scrutinised.
The white paper, went further than most observers had anticipat-

pend crucially on the pound holding firm against other currencies in face of the present concern over oil introduction of a broadbased consumption tax (BBCT) on almost all goods and services, at a rate of 12.5 ening dollar and against European per cent. At present, Australia has only a limited wholesale tax. speculation over interest rate cuts mpered some of the recent confi-

higher inflation the Government plans to soften the political blow with reductions in marginal tax rates at all income levels with the biggest benefits accruing to low and middle-income of A\$22,500 (\$15,000) a year would reap a net gain of A\$14.20 a week, claimed the Gov-

Continued on Page 18 Editorial comment, Page 16; Lex,

#### BY MICHAEL THOMPSON-NOEL IN SYDNEY

yesterday embarked on its boldest end of this year.

political foray with publication of a He said yesterday he was confisweeping reform, including net ben-efits for most taxpayers, plus a tax on real capital gains.

As part of a crackdown on tax shelters, and tax avoidance, the Government proposes abolition of the blanket tax exception enjoyed by gold mining, a move which sent the Australian gold index crashing

Further share market reaction was sparked by the capital gains proposal and by disclosure of the Government's intention to stifle tax evasion, and avoidance and penalise corporate fringe benefits. Concessions for farming, petroleum and the film industry will also be

Its centre piece is a proposal to widen the indirect tax base through

Mr Bob Hawke, the Prime Minister, is due to host a "tax summit" of all main interest groups in Canberra next month. He hopes to unveil

dent of gaining broad community support for the tax reform plan, which would rank alongside sweep ing deregulation of financial mar-kets as Labor's main achievement since gaining power in early 1983. However, powerful opposition is bound to be unleashed an will painfully test Labor's morale.

Mr Andrew Peacock, the Opposition leader, vowed yesterday to op-pose any form of capital gains tax Some unions felt the tax plan did not go far enough while the Australian Council of Trade Unions said it was unhappy with the proposed consumption tax - a measure of the political difficulties Mr Hawke has set himself.

The All Ordinaries index fell by 11.4 point to 861.2 although the market is bearish anyway.

Over the past 30 years the marginai rate of tax for an Australian taxpayer on average earnings has risen from 19 per cent to 46 per cent. The top marginal rate (60 per cent) now cuts in at 1.6 times average annual earnings, against 18 times 30 years ago. The Government says tax reform is long overdue.

A capital gains tax could pro A\$450m by its fifth year, while the combined yield of the proposed tax changes could total A\$8.5bn annual-

The white paper said there was no reason why gold minings tax ex-emption should not be abolished from 1986-1987. This is bound to provoke a major controversy - as will plans to scrutinise tax arrangements for farming, film production and property investment. Hawke regains initiative, Page 4

## London 'knew of Lear Fan closure plan<sup>9</sup>

How Lagos keeps

at bay, Page 16

the IMF

By Paul Taylor in Reno

THE BRITISH GOVERNMENT knew at least a week before the Beliast operations of Lear Fan were closed down that funds for the ambitious executive aircraft project "had run out and that no private financing was available, according to

Lear Fan executives. At key Lear Fan board meetings in New York in mid May, and then in Los Angeles the day refore the Belfast and Reno Lear Fan operations were closed down on May 24. the Northern Ireland Industrial Development Board's two nominees on the Lear Fan board are believed to have voted to shut down the pro-

Senior Lear Fan executives said the vote in Los Angeles was "unani-mous." As a result hundreds of workers in Belfast and Reno were thrown out of work. "We were given no choice but to cease trading," one

director says.

The British Government and its Northern Ireland office have chosen to present the shut down as a U.S. company decision and declined

to comment upon its role in the cru-cial last Lear Fan board meetings. In the wake of the shutdown 10 days ago the British Government and Lear Fan executives have surrounded themselves with a cloak of secrecy. The spokesman for the Northern Ireland Development Office in New York refers all inquites to "the company." But the Lear Fan group, represented by Denver busi-nessman, Mr Bob Burch, has refused to return calls since the col-

In Reno Lear Fan executives say that the British Government was kept fully informed of developments leading up to the collapse of the project.

Meanwhile, two U.S. units of the

troubled Lear Fan aerospace group, Learavia and Lear Fan Corporation, have filed for protection from their creditors under Chapter 11 of the U.S. bankruptcy code. The key Denver-based holding

company for the project, which has already consumed \$72m in UK taxpayers' money, has, however, ap-parently delayed any filing, at least until the end of this week. That appears to confirm that an-

other rescue attempt for the ill-fated carbon fibre aircraft may already be under way.

The U.S. filings do not affect Lear Fan Holdings, the Denver, Colorado based holding company for the group which is controlled by two Saudi investors, or any of the other seven U.S. Jan. Fan. which seven U.S. Lear Fan units. Lear Fan Holdings had been ex-

pected to file for section 7 bankrupt-Continued on Page 18

## BankAmerica warns loan losses may absorb quarterly profit

#### BY WILLIAM HALL IN NEW YORK

cates, believed to be the first of its ond biggest banking group, which ation in its performance. heavy loan losses, warned yestertronics company, is laying off a to-tal of 1,000 assembly workers over-seas and is considering a temporary day that it will probably do no better than break even in the current

> Although the group has had well-publicised problems in recent months it has until now managed to earn around \$100m a quarter. The warning that its second-quarter operating results will be "near the

U.S. bank authorities are currently undertaking a regular examination of the group's loan portfolio and BankAmerica admitted yesterday that the higher loan loss provi-We apologise that some tables in today's commodities page are incomplete. This is due to an unauthorised union meeting on Monday by a section of the clerical branch of Sogat '82 at the FT in London.

BANKAMERICA, the world's sec-ond biggest banking group, which ation in its performance. nancial performance has lagged be-hind that of most big U.S. banks in

BankAmerica's shares fell \$1% to getting any better - and they were maybe getting worse." In common worried by the group's poor performance irecent months.

BankAmerica refused to speculate on the size of its second-quarter with several analysts, he has been

mercial real estate and agricultural der to the agriculture and property segments - will be higher than anticipated, and we felt the market world, and its earnings problems

recent years. Bank regulators or-dered it last November to improve \$20 in heavy trading yesterday. Mr Lewrence Cohn, an analyst with Lawrence Cohn, an analyst with year, the bank had to restate Dean Witter Reynolds, said that fourth-quarter earnings after disting any better and they were covering it had lost \$55m on a massestim any better. fraud.

loan loss provisions, but Wall Street break-even point' is a significant setback and surprised Wall Street, where confidence had been growing that the group was over its worst that the group was over its worst that losses in the several sectors of the loan portfolio close to \$250m.

BankAmerica, said yester tive of BankAmerica, said yester to over \$300m. Over the loss provision has been running at several sectors of the loan portfolio close to \$250m.

BankAmerica is the biggest length of the agriculture and property Mr Sam Armacost, chief execu- analysts said the figure could well

ought to know. These segments stem in part from heavy exposure to these industries. However, its impact of the strong dollar and discredit quality experience has been inflationary forces and have not re- worse than many other lenders in sponded to the general trend of eco- the same areas, according to

The news is the latest in a series BankAmerica opens Hong Keng offshoot, Page 29

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BY OUENTIN PEEL IN LUXEMBOURG

RESEARCH MINISTERS of the and Telecommunications Author EEC yesterday overcame their differences about launching an ambitious joint telecommunications tions research programme, and reached broad agreement on the need for an urgent start to the first phase.

search and development in gramme. National officials in advanced communications technology in Europe) because of French objections to a quite to see whether the traditional separate research scheme to set Community budget cannot be reduced to reduce the reduced the reduced to reduce the reduced the reduced to reduce the reduced th up a tritium handing laboratory

in Italy.

The final go-ahead is expected in the programmes. before the end of the month, to enable work to begin on defining the research necessary to establish an integrated broadd telecommunications netdata and video transmissions throughout the Community.

The general agreement reached by the ministers sought rhe general agreement the order of Ecu 1300h (1200h) reached by the ministers sought making it the biggest industry of overcome objections by both in the EEC. The RACE probroviding extra cash, in additional ordinate the technology rejion to the Ecu 1.20n (£700m) quired for the next big leap Britain and West Germany on providing extra cash, in addi-tion to the Ecu 1.2bn (£700m) overall EEC research pro-gramme agreed last December. The hiccup on final agreefinance from within that sum. It also answered French objections that the definition work for the programme should be carried out by the European Conference of Postal

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ideal indoor environment Air pollution is a problem of our civilisation and

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rities stating that work would indeed rely heavily on input from that organisation.

Yesterday's draft agreement which is now referred to a foreign ministers' meeting be-fore the Milan EEC summit at They stopped short, however, the end of the month, does not to the RACE programme (research and development in gramme. National officials in reduced to rely more on finance from the industrial participants

> The Commission has sought a sum of Ecu 22m out of a total of Ecu 42m for the definition phase of RACE.

The Commission forecasts work, capable of handling voice, that telecommunications investment in the Community over the next 10 years will be of the order of Ecu 150bn (£90bn)

The European Commission has ment came when it emerged promised to find the necessary that France could not approve another part of the combined package of research measures on the table—the establishment of a tritium-handling labora-tory at Ispra, the EEC research

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# Broad agreement on Solidarity activists 'making a circus of trial'

THE POLISH Government yester-day accused three Solidarity activ-ists of attempting to turn their trial into a "circus" after one of the de-fendants again clashed with the judge and was removed from the court, AP reports from Gdansk. Mr Lech Walesa, the Solidarity

eader, also failed to appear to testify as a witness, claiming he was ill and saying that the trial was a mockery of Polish justice. "Ultimately our law is being in-sulted as well as our system of justice." Mr Walesa said in an inter-

view at his Gdansk flat. "It is all done forcibly not using the force of

Mr Adam Michnik, Mr Bogdan Lis and Mr Wladyslaw Frasyniuk are accused of planning a strike in

protest at food price rises and belonging to an illegal organisation. The four-day-old trial has been marked by repeated clashes be-tween Judge Krzysztof Zieniuk and the defendants who claim he is not allowing them to elaborate on their answers to his questions, which are tied specifically to the indictment.

Shortly after yesterday's session began, Mr Michnik and the judge engaged in a heated shouting match that resulted in the former being ordered temporarily removed from the courtroom for a second consecutive day, observers in the courtroom said

In Warsaw, Mr Jerzy Urban, the government spokesman, said the nying the defenda defendants were "fooling around in the observers said.

front of the court in an attempt to draw attention to their trial They want to deliver political Michnik told the judge, who replied that have nothing in comspeeches that have nothing in com-mon with the substance of the triai," Mr Urban told a news confer-

ence. "No such circus tricks will turn justice into a show." Western correspondents were de-nied acress to the trial but relatives of the defendants and legal sources him removed from the room. Mr of the defendants and legal sources in the courtroom provided an ac-

interrupted repeatedly by Mr Zieniuk after trying to submit a motion asking that the three-judge panel be removed because they were denying the defendants a fair trial,

This statement has a fundamental meaning for my defence," Mr

The court interrupted me and I ask the court to listen to me until the end and to not interrupt my statements," Mr Michnik said.

Michnik was led out in handcuffs. count of the proceedings. Mr Frasyniuk, who boycotted Mr Michaik, 38, one of Poland's part of the previous day's session to leading dissident intellectuals, was protest the judge's handling of the case, returned to the court on Tuesday. He said he had stayed away on Monday because of "the illegal be-haviour of the chief judge," court

observers said. Mr Michaik, Mr Frasyniuk and

stomach ailment and was too ill a Mr Lis face prison terms of up to 7% years on charges of playing a lead-ing role in the underground of the

Mr Walesa was to have be outlawed Solidarity free trade union and inciting civil unrest by endorsing calls for a 15 minute work stoppage in February. questioned about a meeting on February 13, which he attended with the three defendants and at which the prosecution claims, they planned the strike that was subse-

quently called off.
Mr Walesa said in an interview that no crime was committed at the

Mr Walesa, who is under investi-gation on the same charges as the three defendants, said he had already admitted to the prosec that he called the meeting on Feb.

ruary 13. "But there is nothing illegal about sick leave from work because of a calling a meeting," he said.

## French set up military group to co-ordinate defence in space

The move, announced by M Charles Hernu, the Defence Minister, emphasises the weight President Francois Mitterrand move, announced by sation is attaching to developing military observation satellites, Although France has two Telecom-1 satellites in orbit which are partly used for mili-tary communications, plans to launch a military observation satellite, Samro, have not pas-

THE FRENCH Defence Minis- sed the drawing board stage Paris in March, has recently try has set up a group of staff because of budgetary cuts.

officers to try to co-ordinate M Herou told an army magaFrance's defensive efforts in zine that the space group m. Hermi told an army maga-zine that the space group — which will be a joint organi-sation under the combined services' staff and the ministry's arms procurement agency (DGA) — would be asked to come up with recommendations to the Government over space

defence. The Government is trying to steer a careful line between employing satellites, and, eventually manned space platforms for reconnaissance purposes, and the more belligerent use of space advocated in the U.S. Star Wars programme for anti-ballistic missile weapons. This initiative has been denounced by M Mitterrand as amounting

the "militarisation" of Government for some time to

James Abrahamson, head of the U.S. Government's Strategic midst of debate about whether Defence Initiative (SDI) organisation, when the latter visited by the provisions of the treaty.

their blessing to the scheme at

their Milan summit at the end

of the month instructing their

officials to work out the neces-

Eureka, first proposed by M

Roland Dumas, the French Foreign Minister, to his Com-munity counterparts in April.

is intended to prevent Europe from falling behind the U.S in

advanced technology because the massive U.S. investment

ment to staking a military pre-sence in space. This is partly a consequence of the SDI programme, as well as of the possibility that satellite technology could eventually make France nuclear submarines detectable from space.

Stewart Fleming adds from Washington: Dr David Owen, leader of Britain's Social Democratic Party (SDP), has urged President Reagan not to abandon the limits on nuclear missiles had democrated. missiles laid down in the unratified Salt II arms control treaty,

Speaking here on Monday evening after a 30-minute meeting with Mr Reagan, which was attended also by Vice-President George Bush, Dr Owen said he French aerospace companies, had told the President it was which have been urging the very important in European terms to stick to the numbers devote more funds to military of the arms control agreement. space developments, recognise This was in order to give a clear This was in order to give a clear that the line between the two areas is, however, blurred.

M Hernu, who met Lieut Gen talks in Geneva.

The Administration is in the

it should not be restricted to

the 10 EEC members, but de-

signed flexibly enough to in-clude other countries like

So far, Britain has been the only government to respond for-

mally to M Dumas' invitation to

collaborate, but British officials

said yesterday that there was

clearly a growing consensus on the need and the broad outlines

of the programme.
Nevertheless there is some

concern among smaller member states, such as Ireland, that a

major research programme like

10

Sweden or Austria,

**Community support grows** 

A GROWING consensus on the into its Strategic Defence French proposal for a joint Initiative (SDI), the so-called European research programme Star Wars programme. Unlike into advanced technologies, the SDI, it is intended primarily code-named, Eureka, emerged as a programme of research into yesterday at a meeting of EEC civilian uses of such technology.

esearch ministers.

Community heads of governmally by the ministers yester-

for Eureka programme

#### **Brussels** aims blow at Bonn

By Ivo Dawnay in Brussels

THE European Community's Budget Commissioner, Mr Henning Christophersen, yes-terday delivered a thinly veiled attack on West Germany for its apparently con-flicting stand over EEC budgetary and agricultural

Calling for greater political discipline from member states, the Commissioner said greater efforts must be made in national capitals to ensure that consistent positions are adopted at all levels of Community activity.

"We very often see ministers in the Council take one stand, but at another an entirely contrary one," he

Mr Christophersen would not be drawn as to which were the offending states, but the reference was seen as criticising Bonn's repeated advocacy of strict budgetary discipline on farm spending. and its current resistance to any substantial cuts in the costly cereals regime at meet-

ings of the Farm Council.
"We have spent a great deal of time discussing the need for budgetary discipline when perhaps we could have given more consideration to the need for political discipline as well, he said.

Speaking after a meeting between members of budgetary committees from the European and national parliaments, the Commissioner west on to propose greater use of the Community's budget as an instrument for defining the political phiestives of the EEC.

objectives of the EEC The informal meeting of Commissioners in Belgium last weekend had discussed several scenarios for the hudget over the short-to medium term. They were now short-todetermined to use the annual presentation of the budget proposals as a signal to both the European Parliament and member states about the Commission's strategy over

Mr Christophersen said that, previously, the budget had been drawn up on a purely annual basis to meet spending demand, but the growing voice of the Parliament and the new emphasis on budgetary restraints forced the proposals to define Community objectives.

"You must formulate strategy based on setting priorities," he said.

several years.

## Opposition to Greek President abandoned

The trial is considered a signifi-

cant test of the Government's con-

tinued resolve to stamp out dissent

following the release of more than

600 political prisoners, many of them senior Solidarity figures, in-

cluding the three defendants, under

Mr Walesa's wife, Danuta,

handed the court a statement from

his doctor on Tuesday morning say-ing he had been granted five days'

an amnesty last July.

opposition yesterday put to rest. University of California at lingering uncertainty about the Berkeley, was not specific, status of President Christos however, about the measures

Mr Sarizetakis, a former Supreme Court judge, was nominated and elected President by the Socialists last March in a parliamentary vote which the Conservatives declared uncon-stitutional. The crisis led to the calling of an early general election which the Socialists won with 45.8 per cent of the vote, against 40.8 per cent for the Conservatives.

"We said before the election that the Greek people would de-cide the issue of the presidency at the polls. They have, and there is no longer an issue. We recognise Mr Sartzetakis as the legal President of the republic." Mr Constantine Musorakis, leader of the Conservative New Demography paid the newspaper. Democracy party, said at a news conference.

Mr Andreas Papandreou, the Prime Minister and leader of the Socialist party (Pasok), said yesterday that stabilisation of

the economy will be the priority place here yesterday between of the Government scheduled to Mr Papandreou and close aldes be sworn in today.

Output

Description: The Prime Minister, a former ters should be.

THE GREEK Conservative economies professor at the University of California at Sartzetakis by saying that they the Socialists have in mand. A recognise him as the head of devaluation of the drachma was state after the Socialist victory in Sunday's general election.

However, and the increases have in mand. A recognise him as the head of devaluation of the drachma was state after the Socialist have in mand. A recognise him as the head of devaluation of the drachma was state after the Socialist victory and the socialists have in mand. A recognise him as the head of devaluation of the drachma was state after the Socialist victory and the socialist have in mand. A recognise him as the head of devaluation of the drachma was state after the Socialist victory and the socialist victory are socialist victory and the socialist victory and the socialist victory and the socialist victory are socialist victory and the socialist victory are socialist victory and the socialist victory are socialist victory and the socialist victory and the socialist victory are socialist victory and the socialist victory Arsenis, the former Economy and Finance Minister, just before the election. A tight wage policy, the other measure recommended by most indepen-dent economists, was rejected by Mr Papandreou auring the

He said yesterday that the Government will present a detailed programme when Parhament reconvenes on June 17. One of the first items of business will be a Bill to restruc-ture the government, by merging some of the 24 minis-tries and abolishing others. The administration and trim bureau. cracy.

About 10 cabinet ministers will be sworn in today. Mr Papandreou said that he will continue to hold the defence portfolio. Another former minister thought very likely to reappear in the new cabinet is Mr Arsenis.

Intense discussion was taking

#### Austria arms sale dispute

broken out in Austria over the sell Tanks to Chile, possible sale of 50 light Kueras sell Tanks to Chile, possible sale of 50 light Kueras opposition in the Governsier tanks to Morocco, pitting ment has come mainly from Steyr-Daimler-Puch, the company that makes them, against Minister, generally regarded on the Government which is itself the Left of the Socialist Party which is sympathatic to the Poli-

the Austrian army but the company wants to buy them back and sell them to Morocco. In exchange, it would sell replace ments to the army. The Defence Ministry has no objection to the Moroccan sale but says it cannot guarantee to huy new tanks. A spokesman said the army had bought two batches of 50 tanks from Steyr in 1983 and 1984

to help the company out.

The company is eager to go shead with the deal, which has been under discussion for about a year, to shore up its flag-ging military sales. These have been badly hit by government restrictions and its refusual in

AN EMBARRASSING row has 1980 to allow the company to

The tanks are being used by sario guerrillas fighting Morocco for an independent republic in the western Sanara.

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#### **EUROPEAN NEWS**

#### Portuguese coalition heads for break-up

Anna Carlotte

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TRATE

By Diana Smith in Lisbon LEADERS OF Portugal's

tottering centre-left coalition were trying yesterday to avert a split long enough to sign the European Community accession treaty next Wednes-

day, Recognising that it would be hard for a dismembered government to credibly sign a document that affects Portugal's future so greatly the Social Democrats (PSD), the junior coaltion partner, where radical change of whose radical change of leadership has precipitated the latest crisis, seemed pre-

pared to delay pulling out for another week or so.
Once the EEC ceremonies are ever, however, there seems little chance of salvaging the two-year-old coalition headed by Sr Mario Sonses, the Socialist party leader.

The only question now seems to be how long a care-taker government might hang on: until mid-summer. or until Decemi r until December when local ad presidential elections are

Insbility to reach a work-Inability to reach a workable agreement between an angry, trustrated Sr Seares, who sees two years' struggle for political and economic stability undermined by PSD intransigence, and the uncompromising Sr Anibal Cavaco Silva, the new PSD leader who wants to shoulden leader who wants to abandon the centre-left coalition and shift his party to the right, places President Antonic Ramaino Eanes in an awkward position six months

before the end of his nine years in the presidency. Sr Soares refuses to resign voluntarily. And Gen Eanes, having already dismissed him in 1978 following the break-down of a brief mis-alliance between the Socialists and Christian Democrats, is loathe to do so again.
The PSD's new make-or-

break tactics place all Portu-guese political leaders in a dilemma: waters nma: voters are visibly bed up with a decade of snap general elections, lame duck governments and politicians as a whole. Opinion polis taken recently show that no party would win more than 22 ner cent of the party. than 23 per cent of the vote. This seems an ill omen for PSD leaders who believe that breakdown and re-align is the route to strength with

## Spain's Socialist union joins in open opposition to Government

BY TOM BURNS IN MADRID

Spain's Socialist Government and the Socialist Union General de Trabajadores (UGT) came to a head yesterday as the union took part—for the first time in

The UGT co-sponsored demonstrations against planned pen-sions cuts with the Communistled union, Comisiones Obreras, in some 30 Spanish cities including Madrid and Barcelona. The joint protest platform con-trasted with the traditional antipathy between the two rival executive committee.

that the union has lent to the Government to a position of nationwide protests against the the protests focused on the pen-Government's economic pro- sion cuts, the build-up to the

member of the Socialist party's

HE ESTRANGEMENT between labour organisations.

Spain's Socialist Government The demonstrations marked a Redondo, 57 years old, has Ironically, 57 Redondo, who is and the Socialist Union General switch from the critical support emerged as the foremost critical support emerged as the

organisation over the running Minister. Last week the UGT of the economy.

Spearheading the switch is the UCT's secretary general. Sr Nicolas Redondo, who is also a pline by voting against a First instead in order to concentrate Reading of a social security Bill on building up the party's trade An that proposes to overhaul pen-

Ironically, Sr Redondo, who is cuts have been prompted by a legendary figure in modern fears of a bankrupt social within the Socialist ranks of Spanish socialism and trade security system. On present the Government's austerity prounionism, was instrumental in trends the system will be unable

open confrontaion. Although gramme and of the monetarist having Sr Gonzalez appointed to foot the pensions bill within the protests focused on the pensions adopted by the secretary general of the the next decade, and already sion cuts, the build-up to the Economy Ministry.

Socialist Party in 1974. His it makes serious inroads into the long record of anti-Franco state deficit and of the strength of the pensions bill within secretary general of the secretary general of the next decade, and already socialist Party in 1974. His it makes serious inroads into the long record of anti-Franco state deficit.

As part of an overhaul of the open sions the system will be unable to foot the pensions bill within secretary general of the next decade, and already socialist Party in 1974. His it makes serious inroads into the number of arrests, imprisonments and system the Government intends union arm.

system the Government intends to 1.5m. internal banishments, had made to increase the contribution period for pensions from 10 the pension reforms is in part behind yesterday's protests pears to 15 years and to base on his fears that the amounts to an open rift within pensions on the last eight years. pensions on the last eight years Comisiones Obreras if the latter tues the most serious challenge of contributions instead of on were alone allowed to capitalise so far to Sr Gonzalez's Governthe last two. Under the new on the protests against the

The controversial pension scheme pensions will be infla-uts have been prompted by tion-indexed, his now open disaffection with

widespread practice of "buy-broader perspective. He is con-ing" pensions and it will also vinced that the Government tighten control over disability should urgently reassess its payments. According to officials economic priorities and give full total disability claimants rein to public spending in order have increased staggeringly in the past two years from 500,000

The changes aim to end a the Government is based on a to create jobs.

His decision to put the full weight of his authority and that Sr Redondo's opposition to of the whole UGT organisation

#### Paul Betts goes on tour with the rising star of the French Republican Party

## Leotard bursts on to France's political stage

Lille—suddenly exploded to the young politicians including deafening sound of the theme people like me in the oppositions and 2001: A Space Odyssey.

About 3,000 people in this traditional stronghold of French on what he senses is a rise in socialism clapped to the thump.

Transactive expressed the sounds. beams flashed messages exhort-ing liberal values and denigrat-ing socialist ones on a huge cinema screen.

In American showbusiness style the lasers gave way to a film show of the man everyone had come to see. As the video show ended, M Francois Leotard, secretary-general of the French Republican Party, made a triumphant, noisy entrance from the back of the hall walk-ing through the audience to the

stage like a pop star.
François Leotard is the latest phenomenon of French politics. At 43, he is the Right-wing Opposition's answer to M Laurent Fabius, the 39-year-old Socialist Prime Minister, whose personal popularity has been rising while that of his own Socialist Party has been tumbling. Léotard, like M Fabius, represents a new breed of young modern, liberal poli-ticians who embrace moderate, technocratic, Centrist views: rand, the Repub social democratic ones in the case of Fabius, democratic traditional right. liberalism in the case of M

Léotard. Both M Fabius and M Léo-

THE PALAIS RAMEAU—the mer "caused a real tide in large public assembly hall of French politics and gave a big the northern French city of boost to a whole group of new Lille—suddenly exploded to the young politicians including young politicians including people like me in the opposi-

> the appeal of liberalism in France criss-crossed the country throughout May. He has seen more than 100,000 people during his roadshow, which has included daily meetings with local businessmen, visits to schools and universities, debates

schools and universities, debates and, in the evenings, a big rally Traditionally close to former President Valery Giscard d'Estaing, M Léotard became mayor of Frejus in the south of France in 1977 and was elected to the National Assembly the following year, before becoming secretary before becoming secretary general of the Republican Party and vice-president of the centreright UDF political grouping. The UDF together with the neo-Gaullist RPR, constitute the main right-wing opposition parties in France. The Republican Party itself — one of the groups which is part of the UDF -was the party with the closest links to Giscard in the opposition. As a result, after Giscard's defeat in 1981 by Mitterrand, the Republicans suffered more than other factions of the

tard graduated from the elitist
be is a cross-country runner and
Ecole Normale d'Administration
in the same year. And Francis
cois Léotard acknewledges quite
candidly that President Francois
Milterrand's decision to appoint

"I wanted to ensure that we
"Unlike M Barre, M Léotard



M Léotard: a political pheno-

next year's elections. This has been a trial run of sorts," he sas. The campaign will now be followed up by another cam-paign to get the members of his team better known. But if M Léotard has seen his

star rise in the French political charts, he nonetheless faces some considerable hurdles. Despite his success at emerging more than other factions of the traditional right.

M Léotard is bandsome (his brother is a popular film actor traditional right-wing leadership in France), young and athletic: trinity—M Giscard, M Jacques

year.

"I think the opposition should debate the issue of cohabitation, but in private rather than in public. Otherwise it only plays into the hands of President Mitterrand and helps to divide the right," he says.

says.
"The issue is especially deli-cate for Leotard because the majority of deputies in his party and probably in the UDF as a whole would back right now M Barre as the candidate of the right in the next presidential elections in 1988.

"If there was a horizontal of the right in the next presidential elections in 1988.

" If there was a headcount of deputies on a choice between Barre or me, I would be in a minority. But that is not the issue. The real issue is that we must all contribute to belp the right to win in 1986; and if I have to pass the ball to Barre I will do it," says M Léotard.

As for his chances of becoming a potential prime minister next year, many believe they are good; but M Léotard lacks experience and he acknowledges this openly. "My only real experience in public office is candidly that President Francois to revive the party.

If or ascendancy.

Experience in public office is unitarized to ensure that we separate the party.

Fablus Prime Minister last sum-had a well-oiled-machine for believes the right should form Frejus."

a government if it wins the parliamentary elections next year. "It will be fore President Mitterrand to decide whether there will be crisis or no crisis," he says. M Léotard has also made it clear he would be willing to lead a new government or at least be part of it.

M Léotard, like other rightwing leaders in recent weeks has sought to play down the another risk for M Léotard is his high popularity in France. "The French are fickle. The fickle M Léotard, like ounce.

wing leaders in recent weeks has sought to play down the differences within the Opposition about "cohabitation" the issue of whether a right-wing government could cohabitate with a Socialist president next wear.

the opposition "but the French have also changed. They want new faces and a new with-it look. We say branche'."

The opposition "but the French have also changed. They want new faces and a new with-it look. We say branche'."

The opposition "but the French have also changed. They want new faces and a new with-it look. We say branche'."

Léctard is keen not to overdo the promotion of his image. He believes M Fabius has managed his own image very skillfully by knowing when to appear and disappear. "President Mitterrand has realy picked the best in Fabius for the Socialist Party. He is the toughest shrewdest of the mall. A real tiller He's our real compact. killer. He's our real competi-

The people around M Léotard claim their leader is not in a hurry. "We believe a major change is taking place in France and that liberalism is Italian treaty which becoming increasingly popular. We believe we can build this new political movement up in the next 10 years or so," says M Alain Madelin, the number two of the Republican Party and also in the young-handsome mould of the new Republican Party image.

"Francois Léotard is in it for the long haul. Remember he is after all, an accomplished cross-country runner and like all long distance runners he has a lot of staying power."

most serious which he has yet latter's banking empire was faced. The prosecution alleges collapsing.

The minister survived a parallel limit of the

## Sindona faces his most serious trial

BY ALAN FRIEDMAN IN MILAN

SIG MICHELE SINDONA, the the Bank of Italy to carry out Sicilian financier and former the liquidation of Sig Sindona's Vatican adviser, went on trial Italian interests.

here yesterday accused of Sig Sindona, looking his usual arranging the killing in 1979 of dapper self in a three-piece suit. Sig Giorgio Ambrosoli, a lawyer entered a 15-foot-long metal who was officially investigating cage in the court room at 9.30 Sig Sindona's finances.

Other charges against him inof violence against Sig Roberto Calvi, chairman of the collapsed Banco Ambrosiano) and also against Dr Enrico Cuccia, former chairman of the Mediobanca merchant banfi

three-month trial in Milan for Privata.

The 64-year-old Sig Sindona

returned to Italy to serve his iail sentence here.

The trial, which began yester-

yesterday morning. At first ner-vous, he then smiled as a dozen volve allegations that he participated in extortion and threats to record for posterity the man described in March by the state prosecutor as "among the most dangerous criminal elements of

Italian society." A few minutes later he was ormer chairman of the medical points in the steel-barred cage by Mr Robert Venetucci, a New York-born alleged Mañoso who. and sentenced to 15 years in the prosecution says, organised prison in March, following a the killing at Sig Sindona's bebest. The two men shook hands fraudulent bankruptcy in the 1974 collapse of his Italian bank-at opposite ends of the cage 1974 collapse of his Italian bank-ing empire, including Banca for the duration of yesterday's

proceedings was also sentenced to 25 years times like the prologue to a in jail after a New York trial in play, with most of the four rows 1980 for fraud and perjury in of benches taken up by black-the 1974 collapse of the Frank- robed defence lawyers for a total of 24 defendants. The trial He was extradited to Italy last is likely to attract wider interest September under a new U.S.- in September, when Sig Giulio Italian treaty which could have Andreotti, Italy's Foreign Minihim returned to prison in New ster, is expected to be called to York State before again being testify in order to assist in reconstructing the events of Sig

Sindona's career. Sig Andreotti, a former Prime day morning in a cramped court Minister, has denied allegations rooms in Milan's imposing that he ever tried to aid Sig Tribunole building, is by far the Sindona when, in 1974, the most serious which he has yet latter's banking empire was

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## America's Mideast policy inches forward

AFTER months of virtual Israel's "right to exist" (and standstill, the Reagan Administration's Middle East policy is beginning to inch forward. the 10-year-old conditions for "There is motion," says Mr US. recognition as a negotiat-George Shultz, Secretary of ing partner. State.

But to many experts outside the U.S. Government, it looks like exceedingly slow motion: what movement there is appears to have been generated more by King Hussein of Jordan than by Washington

Ever since he badly burned his fingers with the abortive Lebanese-Israeli withdrawal agreement two years ago, Mr Shultz has been playing the Middle East extremely cool. He is still, officials say, scared of Arab "perfidy." The U.S. line has been to resist Arab appeals for Washington to take a more active role in getting a new round of peace negotiations under way, and to insist that it is up to the parties concerned, and especially King Hussein, to organise direct Arab-Israeli

Washington has not wanted to encourage excessive expecta-tions, or make the Israelis nervous by moving too fast; but at the same time, in a delicate balancing act, it has been trying not to appear so negathat the Arabs lose

The U.S. has accordingly been inviting the Arabs to test its intentions, hinting that there are some unspecified moves it could make if the Arabs first draw closer to long-standing American positions on such key issues as the role of the Palestine Liberation Organisation in the peace process.

King Hussein came to Washington last week to conduct precisely such a test, clearly feeling that he and the Palestinians had come a long way to meet the Americans, and certainly as far as they could at this stage. The PLO, he told President Reagan, was now ready to negotiate on the basis of UN Security Council "land for peace" resolutions 242 and 338, acceptance of which has long been regarded as the litmus test of Arab and Palestinian willingness to reach a peaceful settlement with

The announcement did not have the effect he had hoped While the U.S. State Department welcomed it as "progress" it also said it would have to hear an explicit commitment directly from the PLO itself. Moreover, it added, the PLO must not only endorse the two UN resolutions, it must accept

That is likely to prove a major stumbling-block in the tortuous path of the Palestinians to the path of the Palestmans to the negotiating table, particularly if the U.S. continues to insist on its "right to exist" phraseology. While many moderate Arabs, including King Hussein, can bring themselves to acknowledge that they have been been arises they ledge that Israel exists, they find it much harder, if not impossible, to accept that it has a "right" to do so.

Equally disappointingly King Hussein, President Rea-gan also declined to endorse his suggestion that the aim should be Palestinian "selfdetermination within the context of a Jordanian-Palestinian confederation." The King, apparently, was hoping that if Washington could only accept that wording, he could take it back to Mr Yassir Arafat, the PLO leader, and trade it for further concessions

The Administration, ever, continues to regard "self-determination" as shorthand for a de facto Palestianian state, which it cannot accept however much hedged around with qualifications.

So what is Washington offering King Hussein for his efforts? State Department officials say that the main quid pro quo is Mr Reagan's public assurance last week that Jordan will be able to count on U.S. assistance for its economic and security needs. Beyond that, on the diplomatic front, the U.S. is now seeking a way to provide the King with at least some form of the international backing he says he needs to go to the negotiating table, and groping towards a preliminary meeting with a Jordanian-Palestinian delegation that the Arabs want to precede negotiations proper.

It is not at all clear, however, that Mr Reagan is in any posi-tion to help Jordan meet what it sees as its security needs in the immediate future. The tra-ditionally pro-Israel Congress has taken the position that King Hussein must move closer to negotiations with Israel, if not actually start them, before it will allow any sales of the sophisticated American wea-ponry, such as advanced fighters

gain plaudits all round.

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of a broad-based consumption

tax (BBCT) on goods and ser-

Soviet forces

Afghan vallev

SOVIET paratroopers and commandos are leading the

commandos are leading ine attack against anti-government guerrillas in Afghanistan's strategic Kunar Valley near the Pakistani border, Western diplomats said yesterday, AP reports from Islamabad.

Fighting also has broken out near the capital of Kabul.

Most guerrillas have pulled out of the valley to avoid the heavy Soviet air strikes and advancing columns, guerrillas in Pakistan said.

The offensive is aimed at

relieving an army garrison in the border town of Barlkot which is besieged by guerrillas and at sealing the Pakistani border to prevent supplies destined for guerrillas from crossing if.

attack key



King Hussein of Jordan in Washington last week to discuss with President Reagan his plans for pushing ahead with the Middle East peace initiative

apart on the framework for new negotiations. King Hussein says he wants an international conference, with Soviet participa-tion: the U.S. says there can be no role for Moscow unless it radically changes its policies and embraces Israel with an unprecedented and virtually

But this is largely a phoney arument. Despite Israeli suggestions to the contrary, King Hussein does not want Moscow at the negotiating table; he wants his Jordanian-Palestinian team to talk directly to the Israelis. He wants some kind of diplomatic device that will demonstrate that he is not making a lonely separate peace with Israel in the footsteps of the late Egyptian President Anwar Sadat. King Husseln wants legitimacy in the eyes of the rest of the Arab world and, above all, he wants the Syrians to refuse an inviation to join in. In that way, Damascus should be less able to complain that it was excluded, or use its exclusion as a justification for

Washington does not want to allow Moscow the slightest Prime Minister, to disassociate chance of a playing a himself from the initiative. spoiling role; but it is beginning Israel still effectively has a veto and surface to air missiles, that to appreciate King Hussein's over the whole process, and the Jordan has long been seeking.

Publicly at least, Washington has pledged to try harder to right.

sabotaging the process.

and Amman also remain far see if diplomatic ingenuity can somehow provide the required "international context."

> Similar ingenuity will be needed if the separate prelimin-ary talks between the U.S. and a Jordanian-Palestinian delegation are to get underway in the coming weeks. So long as the PLO refuses to meet Washington's conditions for recognition, the U.S. will not accept PLO members in the joint delegation. But there would be no point to a delegation that did not have Mr Arafat's blessing, given that the whole idea is to bring representative Palestinians into representative Palestinians into the negotiations,

Theoretically is should not prove impossible to agree on a list of names, if both sides are serious. King Hussein has said that the team that meets the Americans need not be com-posed of the same people as the one that subsequently negotiates

But there is a danger that. if the Americans meet Palestinians of whom the Israelis dis-approve, hard-line Israelis will enounce it as an American sellout, putting political pressure on Mr Shimon Peres, the Israeli

The U.S. says quite clearly that it will not put pressure on Israel to come to the negotiating table, arguing that a precondition for any negotiations must be that Jerusalem is a willing partner. The U.S. believes that Mr Peres is the man to negotiate, but that he is not yet ready: he must first complete the withdrawal from Lebanon, get the economy on a sounder footing and strengthen his domestic political base.

At that stage, possibly in the autumn, the State Department says, it hopes to provide Mr Peres with the negotiating part-ner—in the shape of the Jordanians-Palestinians Israel has always said it wanted says Washington, will it start to apply pressure on Israel.

But there is still a long way to go from here to there. The Administration says that its waiting game has paid off, in terms of Arab concessions, and that Mr Arafat, with his options continuing to narrow, will eventually move still further. The Arab side should finally be ready for negotiations about the same time as the Israelis, some time later this year, it says.

The danger is that King Hussein, upon who it all depends will find that he can no longer stay out on his moderate limb without anything concrete to show for it. He repeated his warnings in Washington last week that the radical, fundamentalist threat would grow, both in Jordan and throughout the region, if moderation is not quickly seen to bear fruit.

Although Mr Reagan came close to accepting the King's view that this is "the last chance" for a negotiated peace, there is little sense of urgency in Washington. The Middle East is not the top foreign policy

Domestically, there is no doubt that the majority of U.S. opinion, in so far as it focuses on the Midle East, is overwhelmingly on Israel's side. Mr Reagan does not want a row over American dealings with the PLO so soon after alterating American Jews, and the majority of Congress, with his visit to the Bitburg war cemetery last month. In any case, he regards the PLO as pro-Soviet and an increasingly spent force. While the Administration would dearly like a foreign policy success, it is not going to make too many concessions to the Arabs

#### Venezuela intervenes in private bank

By Joseph Mann In Caracas THE VENEZUELAN GOVERN ment yesterday took control of one of the country's major commercial banks, Banco de Comercio, and some of its most important subsidiaries, Sociedad Financiera de Comercio, Arrendadora Ban-

Sr Carmelo Lauria, the presidential secretary and a former banker, announced the Government's decision vesterday. He said the banks' deposits were fully guaranteed by the newly-created Deposit Guarantee Fund (DGF), a government body set up to act as a watchdog over the banking system and to support troubled banks. Sr Lauria said Banco de Comercio had lost some Bolivars 900m (£53m) from

The Government's move put an end to months of rumours about the solvency of Banco de Comercio, which had been receiving heavy financial assistance from the Central Bank of Venezuela in order to meet its day-to-day

Banco de Cen sidered the weakling in the country's commercial hanking system due to its poor-quality loan portfelio, will now be run by government appointed

In its year-end statements for 1984, Banco de Comercio, the 14th largest commercial bank, reported total assets of \$313m equivalent, and a loan portfolio totalling \$218m. It reported not pariety of reported net profits of \$561,000 for second half 1984 on total income of \$18.2m. The Government said that Banco de Comercio had a total debt of over \$91m to foreign banks and financial institutions, but that its net obligations (debts less de-posits and other assets) stood at around \$14m.

The Government move contrasted with the sloppy handling last year of a decision to close down—and later liquidate—the Banco private bank Venezuela's current eco-

nomic and financial problems have weakened the financial system, with six banks in serious trouble over the last

## Quebec separatists trounced by Liberals in four by-elections

four by-elections on Monday. The contests were regarded as a curtain raiser for the general election which the Frenchspeaking province must hold by April 1986.

The by-elections have further shaken the position of Mr Rene Levesque, Premier of Quebec Levesque, Premier of Quebec and founder of the PQ. The party has been falling behind steadily in popular favour as Quebecers lost interest in sovereignty for their province. The PQ originally stood for a sovereign Quebec, but Mr Levesque has been softpedalling the issue without, however, pertoring party fortunes. restoring party fortunes.

In the process he brought about a split in the party. Late last year Mr Levesque insisted on shelving the issue of independence for the coming pendence for the coming general election campaign and several senior cabinet ministers and backbenchers, including Mr Jacques Parizeau, the Minister of Finance, resigned. The defectors argued that Mr Levesque had deprived the PQ of its raison d'etre.

of its raison d'etre. Mr Bourassa won a suburban

MR ROBERT BOURASSA, reelected two years ago as leader big majority over Mrs Francine
of the federalist Liberal Party Lalonde, Quebec Minister for
in Quebec, led his party to a
resounding win against the return to the Natonal Assembly
ruling Parti Quebecois (PQ) in at Quebec City for the first time the Status of Women. He will return to the Natonal Assembly at Quebec City for the first time since he and the Liberals were turned out by a PQ landslide in 1976. In the campaign lead-ing up to Monday's by-elections, the Liberals harmered away at a variety of local problems, especially Quebec's high un-employment and high taxes.

The PQ has now lost alt 28 by-elections since it took power in 1976. Standings in the National Assembly are: PQ 61, Liberals 53. Independents (mainly disaffected PQ members) 7, and vacancies 1. Technically Mr Levesque has a majority of 1, and the Liberals say they will do everything to bring the Government down and force an early election. In the four by-elections the Liberals woo 58.4 per cent for the PQ. for the PQ.

Mr Levesque would not comment on the by-election results.

If he resigns, the PQ would have to hold a leadership convention this autumn and the election could be delayed until spring. Alternatively Mr Leves. que could call an election in the autumn, some observers

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#### Brazil metalworkers' strike comes to an end

BY ANN CHARTERS IN SAO PAULO

THE BRAZILIAN metalwor- Motors and Mercedes, has cost kers' strike, the longest in the the auto manufacturers an esti-industry's history, ended on mated \$353m in lost production, Monday when 11,00 workers re-according to the Naitonal Auto-

at 16 other auto manufacturers during the past fortnight.
The Ford strikers returned to work without reaching agreement on their main demands which provoked the strike—export orders for 2,400 Escoris quarterly wage adjustments and to Scandinavia, losing the cona reduced work week of 40 tract to Ford's German sub-hours. They settled for a 5 per cent wage increase and a three-its monthly shipment of 5,000 month employment guarantee.
The 54-day strike, involving
Ford, Volkswagen, General

turned to work at Ford in the ABC industrial area near Sao tion (Ansavea) anio.

This follows a return to work up in overtime during the rest of the year, but the auto manufacturers have lost export orders, which at last count, totalled \$100m.

Ford was unable to fill an account of the property of t

to 6,000 Passats to Iraq, but intends to recoup lost deliveries through production increases.

#### **OVERSEAS NEWS**

## Michael Thompson-Noel examines the Australian Government's taxation White Paper

# Hawke regains political initiative with tax reforms

S. Africa's white miners call off strike

THE THREAT of a strike by white miners in South Africa's gold, coal and platinum mines in support of their annual pay claim has evaporated following agreement on an 11 per cent across the board wage increase for 23,000 white miners and a further 24,000 white mine officials.

The agreement between the white Council of Mining Unions, the union federation of which the National Mine-workers Union is an affiliate, and the Chamber of Mines, representing mine employers, brings to an end the dispute called last month when the union side rejected the chamber's 10.5 per cent offer and held out for an 11.5 per cent vice.

Apart from the 11 per cent Apart from the 11 per cent pay increase miners and officials working split shifts will receive a 5 per cent of base salary shift allowance to replace the existing fixed 40 rand per month allowance, improved shift allowances generally and an improvement in retast for war day warking in rates for rest day working.
The increases are backdated

to May but are significantly below the current inflation rate below the current infiation 1776 of 16 per cent. This is the third successive year that the white unions have accepted below-infiation increases.

Meanwhile, the first sign that the black National Union of Mineworkers may be prepared to modify its demand for a 40 per cent wave increase has

per cent wage increase has come from separate negotiations with the Namaqualand Diamond Mines division of De

Negotiations in the diamond mines are conducted directly with De Beers and not through the chamber. But the NUM put the chamber. But the NUM put forward an identical 49 per cent claim for its mymbers in the diamond mines which it reduced in negotiations last week to 34 per cent before talks reached a deadlock resulting in the declaration of a dispute by the NUM yesterday.

Talks between the NUM and the chamber covering pay and conditions in the gold, coal and platinum mines should have begun last month but the chamber has not yet set a date WITH THE publication yesterday of a radical draft White Against that, the GovernPaper on tax reform, Mr Bob
Hawke's Australian Labor reform is cogent and politically
Government cast off its depresdirect forms of the deprestandads.

sion of recent months and re-gained the political initiative.

Conceivably, Labor will now "summit" The next stage will be a tax "summit" in Canberra next month: unless that turns into a do for tax reform what it has already done for deregulation riot, the Government hopes to unveil its tax decisions well before the end of this year. It insists that inequities and of the financial markets, and The road ahead is treacherous, however, mainly because Mr Mr Hawke and his Treasurer Mr Paul Keating, have not shied inefficiencies in the tax system can no longer be "potholed," and that fundamental reform is away from tough decisions.

The Government's preferred imperative.

Its proposals fall into two main categories: broadening position on tax reform as ex-pounded in the White Paper envisages across-the-board re-ductions in marginal income the income or direct tax base; and extending the indirect tax base through adoption of a broad-based consumption tax. On direct tax, the key pro-posals include: reduce marginal

tax (BBCT) on goods and services at 12.5 per cent.

It also plans to broaden the direct income base; the most controversial measures include: introduce a comprehensive tax on real (ie, indexed) capital gains tax, a system of national identity numbers to help curb tax evasion, a tax on gold mining, and stiff measures to curb "lurks and perks," the fringe benefits.

As a result, there is something in the White Paper to offend everybody — especially the vested interests and special pleaders that have help distort Australia economy virtually from the moment when the first convicts stepped gingerly ashore at Botany Bay almost on the convicts stepped gingerly ashore at Botany Bay almost income tax rates; tax non-cash fringe benefits at the employer the employer tax on real (ie, indexed) to indexed (ie, indexed) tax introduce a comprehensive tax on real (ie, indexed) the existing wholesale sales tax (whose base is only A\$26bn out of total private consumption expenditure of about A\$124bn) with a BBCT of 12.5 per cent. Its net consumer price index evasion; scrutinise petroleum and afforestation rebates, and tax foreign-source income of Australian residents. These measures, says the finance significant reductions in marginal tax rates at all income levels, but particularly those below A\$22,500 pa, says the Government. income tax rates; tax non-cash fringe benefits at the employer

Personal Income Taxes in OECD Countries

f918m), and would improve All told, a single income horizontal and vertical tax earner on A\$32,500 pa would show a net gain per week of A\$24.40, or an estimated gain in real disposable income of 4.6 per cent. Pensioners and needy income earners would be compensated—or over-compen-sated—for adverse price effects.

Crucially, the Government says that the estimated CPI gain of about 6.5 percentage points should be treated as a once-off occurrence. It assumes that wages do not rise to reflee he ax-induced increase in the CPI: that the trade-off of reduction in personal income tax (and increased welfare pay-ments) will be viewed as proper compensation for the

Labor's pay accord with the unons is still in reasonable repair and still delivering the goods, as it has since Mr Hawke swept so imperiously to power 27 months ago. The Government, in examining tax shelters and tax minimi-

RBCT.
This is a fair assumption:

sation, plans to scrutinise carefully a number of existing facilities, including treatment of farm losses, negative gearing of property investment, gold mining, mineral exploration, and film production.

Farm shelters cost A\$155m, negative gearing of rental accommodation investments costs A\$175m; very generous tax concessions for films were introduced in 1980 and now cost A\$95m. As for gold mining, which enjoys blanket exemption for its entire income (except for a royalty in Queensland), the Government favours aboli-tion of its exemption from 1986-87 on. Gold mine invest-ment has boomed of late, as have shareprices.

Another way in which the Government hopes to broaden the income tax base is with the introduction of a general capital gains tax, allowing some losses to be offset against gainst as a terroperic principal and

on fringe benefits, such as com-pany cars and low-interest housing loans. The current estimated revenue loss is thought to be A\$700m per annum.

There is some discussion of business taxation in the White Paper, though reform in the White Paper, though reform in this area seems likely to take a back seat to the political imperative of lower personal income tax rates. The Government is not attracted to any form of wealth tax;

Mr Hawke has not enjoyed a smooth run since his Govern-ment won re-election last December. His image is frayed, his credibility in question; but he is nothing if not sporting. What he has now set for himself with the tax reform pro-posals is a major test of nerve and political will that will determine—in large measure Labor's abilty 1000s into the early 1990s.

Mr Hawke and the Austra-lian Labor Party have already made their mark by deregulat-ing Australia's financial system and floating the Australian dollar. They can also claim some success with the economy, introduction of a general capital gains tax, allowing some losses to be offset against gains. A taxpayer's principal residence would be exempt, as would certain other assets. Possible yield: A\$450m by the fifth year.

There would be a crackdown some success with the economy, and in lowering the temperature of industrial unrest their mistakes—in contrast—have stemmed from political indecision. With tax reform, Mr Hawke has an opportunity to redress the mistakes of recent months. If he wins, he will again be cock-a-hoop,

#### Peres eases line on **Palestinian** negotiators

By David Lennon in Tel Aviv

ISRAEL. "will not look too closely into the minds" of the Palestinians who take part in peace negotiations as part of a joint team with the Jor-danians, Mr Shimon Peres, the Prime Minister has declared. As long as they are not mem-bers of the Palestine Liberation Organisation, or other organi-sations which subscribe to the Palestine National Covenant, which calls for the destruction of Israel, the Premier is willing to meet them across a con-

ference table.

But at the same time the Premier expressed his opposi-tion to the idea, of the U.S. holding preliminary talks, with the joint Jordanian-Palestinian delegation. "The problems are not between the U.S. and

Jordan, but between Israel and Jordan," he said.

"Why cross an ocean when you can cross a river? Why sail to Washington when we can meet ten miles from here?" The other members of his Cabinet are less flexible in their response to the new peace initia-tive from Washington, and this is delaying the formulation of an official Israeli response to the American announcement of its

intentions to hold preliminary talks with the joint delegation. Mr Yitzhak Shamir, the Vice-Premier and leader of the Likud party, who is visiting London, had denounced the proposal by Washington to include members of the Palestine National Council in the delegation.

Surprising support for the Likud position has come from Mr Peres's Labour Party colleague, Mr Yitzhak Rabin, the Defence Minister. During his current visit to the U.S. he has also said that Israel would not find PNC members acceptable as delegates in the joint negotiating team.

## Japan's electronic output growing by 9.2% a year

TOTAL ANNUAL output of the Japanese electrical and electronics industry could top Y32,000bn (£100bn) by 1987. manufacture, such as semiconductors, at 15.2 per cent a year. Over the five-year period industrial electronics will account The average annual growth rate from 1983 to 1987 will be rate from 1983 to 1987 will be 9.2 per cent a year, according to market research by Matsushita Electric, the world's largest consumer electronics company. But the overall average hides dramatic changes in the fortunes of different sectors of the industry.

Consumer electronics, which Matsushita increasingly sees as a mature market, will have an

Over the five-year period in-dustrial electronics will account for a total of 43 per cent of the increased output and compo-nents 33 per cent. Consumer electronics will account for only 10 per cent of the in-creased production with other areas accounting for 14 per

cent.
Matsushita, whose brand
names include National and
Panasonic, defines industrial
electronics as everything from office and factory automation to personal computers. The Matsushita research foreaverage growth rate of only 3.4

per cent a year. The main
growth will come in industrial
electronics — 14.1 per cent in
crease a year — and component

to personal computers,
to perso

#### **India seizes** Tamil weapons, savs Gandhi

Gandhi said yesterday that India had seized about \$4m worth of weapons being funnelled to Tamil separatist guerrillas in Sri Lanka, AP reports from New Delhi.

stantially." Mr Gandhi would not say

# INDIA'S Prime Minister Rajiv

"We have put a lot of pressure on them (the Tamil rebels)," Mr Gandhi said at a news conference for American journalists. "We have confiscated a very large amount of weapons. We have restricted their activities substantially."

where the arms originated.

Sri Lanks has accused India of supporting the rebels, who openly admit they shuttle routinely by speed boat across the Palk Strait

#### Sabah's Chief Minister faces court challenge BY WONG SULONG IN KUALA LUMPUR

DATUK PAIRIN KITINGAN, the embattled Chief Minister of the east Malaysian state of Sabah, has overcome a major hurdle following last Thursday's vote of confidence in the State Assembly, but his six-week the control of the state and economic chalance.

One man was killed and four people were injured in a bomb explosion in Tanjung Ara in Sabah yesterday, AD-DJ reports from Kuala Lumpur. The explosion was the third in Sabah in 10 days.

hurdle following last Thursday's vote of confidence in the State Assembly, but his six-week AD-DJ reports from Kuala Lumpur. The explosion was the third in Sabah in 10 days.

Lumpur. The explosion was the third in Sabah in 10 days.

Lumpur. The explosion was the third in Sabah in 10 days.

Tony Walker adds from Damascus: Palestinian groups here have put forward a comprehensive security plan to protect Palestinians in Lebanon and to solve the lumediate problem of fighting in and around Beirur's refugee camps. The plan, which includes the Geyenrold leader of the Moslem-based United Sabah largest racial group. An eruption of racial violence or persistent political instability could invite federal intervention in the form of a declaration of ment by the governor.

U.S. to allow EEC

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the Victoria

#### steel tube sales BY IVO DAWNAY IN BRUSSELS THE U.S. has finally bowed to opening of new negotiations on pressure from the EEC to the 1982 carbon-steel agreement allow above-quota sales of which allows the Community special steel tubes urmanity 5.6 per cent of the U.S. market special steel tubes urgently needed by the Ali American year. Pipeline company for its California to Texas oil pipeline Com

to increase

project. At a meeting in Washington At a meeting in Washington at the weekend. Mr Malcolm Baldrige, the U.S. Commerce Secretary, gave the go-ahead to Mr Willy de Clercq, the EEC Trade Commissioner, for a further 100,000 tonnes of special pipe to be exported to the U.S. to meet demand unable to be met by U.S. producers.

But there still remains some ambiguity as to whether the U.S. has unconditionally with-drawn its threat to link the concession to a conciliatory gesture from the Community, in other talks on EEC steel exports. Officials at the European Commission would only describe the decision vectorday as "neathe decision yesterday as "use-ful progress."

and expires at the end of the

It is understood that the nerce Secretary did not withdraw earlier threats of unilateral import restraints being imposed in this sector if the Community did not soon set a programme for new talks. Equally, the U.S. remains determined to include in these discussions revised arrange ments for several of the 17 products, including semi-finished steels, that until now have been negotiated outside the carbon

M. de Clercq will put the proposals to a meeting of the committee of member states' permanent representatives to the Community today.

But, though member states are

certain to welcome the concession on special pipes, there may be some doubts about the U.S. terms for the new talks. Tensions have mounted consider-The U.S. move does not, however, signal any substantial truce in the hostilities between the two sides in recent months over the reluctions of the U.S. producers. Mr Baldrige made clear in the hashington contains that Washington contains to expect the rapid. Sides have mounted considerably between the two sides in recent months over the reduction. The sides in the special "short supply" rules special "short supply" rules special "short supply" rules special "short supply" rules and tubes quota.

could also go to Norwegian

deal as part of a "charm offen-

sive" being mounted by several multinationalss, before Nor-

way's important 10th offshore

The round includes one block

-34/8—regarded as the most

announced this summer

Oil industry circles see the

#### Norway wins first oil rig order for four years

BY FAY GJESTER IN OSLO

A RIG charter agreement between U.S. oil company firms: Conoco and two Norwegian shipping groups will give Norway's offshore fabricating industry its first oil rig order

Conoco has agreed with Sslo companies Laly and Mohn Drilling to charter a Norwegian-built, deep water rig for 18 months, with options for a further 2½ years, starting July Norwegian and foreign com-

Laly, which will have a major stake in the rig, and Mohn will announce their choice of building yard in about a month. That contract will be worth around during the 1970s. Over the past NKr 650m (£58m). Several few years, however, domestic hundred million kroners worth fabricators have been unable to of sub-contracts for equipment, compete with rig-building yards including the drilling stack, in Japan and Korea.

#### **British** exporters stress role of aid

By Christian Tyler, Trade Editor BRITISH contracting companies yesterday published part of a confidential dossier designed to convince the Chancellor not to cut government aid for export

The dossier aims to prove that overseas orders won with the help of public money have a large and valuable spin-off in follow-on orders and in work for UK sub-contractors.

It is the latest shot in a campaign being waged by big exporting companies against what they see as lukewarm support in some areas of government, especially the Treasury, at a time of fierce international competition.

The campaign was touched off

by publication 18 months ago of a Whitehall economists' analysis of export finance subsidies and trade-related aid, the Byatt report. It severely questioned the economic justification for

such support. Yesterday's document, sent to Mr Nigel Lawson at the end of April, is in reply to his request for evidence of the follow-on effect. The Byatt report had found no "little or systematic evidence that substantial un-supported follow-on orders to result from contracts won with the use of aid or large export credit subsidies."

In their reply, the companies conclude that in some developing countries the promise of aid at the outset is often necessary even to get to the negotiating table for a contract. Once established in a market, a company needed to demon-strate "from time to time its ability to provide an attrac-tive finance package supported

by HMG."

The paper argues that follow on business is of four kinds: market penetration, where the first, aided, contract leads to more orders on commercial terms; reference plants, where new technology is demonstrated to other potential buyers; spares business, often worth as much as a quarter of the original contract, and usu-ally paid for in cash; and "cascade benefits," or the work picked up by British subcontractors and suppliers of services

like finance and training. Norwegian yards built a large Among the examples given is Balfour Beatty's record in Indonesia, where £15m of aid number of mobile drilling rigs during the 1970s. Over the past money over 12 years is said to have yielded contracts worth £317m, of which the value to the UK was £220m.

CHINA IS looking for further

financial concessions from the British companies bidding for nuclear power plant in Guan-dong (Canton) province.

Premier Zhao Ziyang told Mr Norman Tebbit, Britain's Trade and Industry Secretary.

Although the news will come as no surprise to GEC.

equipment worth £500m for the plant's conventional island, the last-minute hag-gling by the Chinese is bound to further delay the signing of the deal

of the deal.

Premier Zhao is understood to have assured Mr
Tebbit that his Government was still keen on awarding the contract to GEC but that it would help if there were

The growing protectionist, mood in the U.S. is one of the gravest threats facing the

gravest threats facing the world economy, leading central bankers said in Hong Kong yesterday. They put it higher than the stresses caused by the dollar, or fears of a U.S. economic slowdown which they say looked premature writes David Lascelles.

mature writes David Lascelles.

The heads of the central banks of the UK, West Germany, Switzerland and Belgium, and the President of the Federal Reserve Bank of

ing for a hefty concession from the British side. The British Government is offering to guarantee an estimated £300-£350m of export credit which would be

extended at an interest rate of 9.85 per cent and repayable over 15 years beginn six years after the project's China has already ex-

pressed concern at the rise in British interest rates which would apply to the non-subsidised element of the financial package. Midland

Bank are leading a group of banks involved in the syndicated loan.
Officials in Whitehall say

that, while the Chinese demands will have to be taken seriously and concessions made, a deal could still be concluded this summer. The signing on Monday of an agreement between

profits. Others are not so sure.

able to take on limited deposit and lending busines, mainly in the new hybrid curency which has been proposed for the

economic zones: part domestic, part foreign exchange. They will probably not be able to transact business in foreign exchange, which will remain a government monopoly.

However banks must also con-

sider the diplomatic value of showing the flag in China, par-

ticularly if Peking increases its

arm of Italy's Fiat group, has been awarded a second large contract in Nigeria in the space Britain and China on the peaceful use of nuclear techof three weeks. nology will pave the way for signing the deal. France is likely to supply the nuclear It is to build a water supply and distribution system for the island in the project. west of the country. The value of the contract is more than L200bn (f79m), of which some 80 per cent will consist of goods and services supplied from

Italy. Last month Impresit announced a L270bn contract to build a dam and irrigation scheme in the state of Katsina,

**Impresit** 

**Nigerian** 

contract

By James Bucton in Rome

IMPRESIT, THE construction

wins second

also in northern Nigeria. The new contract is to be financed by a combination of the Sokoto state government, the Nigerian Federal Government and a group of Nigerian banks. Impresit will guarantee the export credit for the export the export credit for the export of goods and services from Italy, though the cost will be carried by the Nigerian Federal Government. The project is to be completed in three years.

#### Japan group in Caribbean deal By Canute James in Kingston

KAJIMA OF Japan has been awarded a \$34.1m (£26.4m) contract to instal capacity at the Caribbean Cement Company in Kingston.

It is the second contract the company has acquired as part of Caribbean Cements 90m expansion programme, Kajima had earlier started constructing two 6.500 tonne storage silos

Kier International of Britain has won a \$2.5m contract to build a power station for the cement plant.

The EEC warned of "the urgency" of the need for re-

# China seeks N-plant concessions

BY ALAIN CASS, ASIA EDITOR

yesterday that China wanted a price cut on the project as well as better credit terms.

the main contractor expected to provide turbines and other

CHINA has embarked on a modest belt-tightening exercise

following an unusually large outflow of foreign exchange in the last few months. While this will not affect the broad thrust of its "open door" trade policy.

may be curtailed for a while. imports of non-essential

This message, which has emerged from the international

monetary conference of the

world's top bankers here this week, was conveyed by Mr Wang Deyan, a senior official of the Bank of China, who said

there was "much discussion" in Peking as to what should be

The country's foreign exchange reserves felt by \$2bn (£1.54bn) in the second half of

last year to \$14.5bn, and Mr Anthony Russell, area manager

for China at the HongKong

Bank, estimates there has been a further slight fall this year.

This is not a complete picture.

Mr Russell says China has about \$3bn of gold out of the ground and considerably more

underground. It is the world's

China also has a strong capital account which leaves

plenty of room for borrowing. But there is clearly a feeling in

Peking that things have bot slightly out of control.

enterprises.

Wang Deyan said: "We want

Bankers here believe that the

sixth largest gold producer.

The fact that the message has been delivered by such a high-ranking Chinese official indicates that Peking is look-

Peking acts on foreign exchange

BY DAYID LASCELLES IN HONG KONG For large banks with an established market in China, Mr Corrigan said that even the prospects are alluring. Mr Michael Sandberg, chairman of though statistics pointed to a slowdown in U.S. economic the Hongkong and Shanghai bank, described the bank offices activity, the pattern of demand was strong and so there as mere " listening posts." was the prospect for real growth. He cited the housing

sector as an example of rising The chief executive of one of Europe's largest banks, for output. The trouble was a good part of the demand in the economy was being met example, said banks would probably be forced to open the economy was being met by imports though he denied branches to match the competi-tion. But he predicted few would make money. that this made a case for import curbs. There was a limit to how far the U.S. trade deficit could deteriorate Under proposals issued by Peking two months ago, foreign bank branches would only be

The central bank officials

also said that the recent

New York said, when they appeared jointly on a panel before the International Monetary Conference that it also said that the recent weakening of the dollar had eased their problems on the foreign exchange markets. Herr Karl Otto Poehl, Presi-dent of the Bundesbank, described exchange rates as "in much better balance." was essential to resist protectionism. Mr Gerry Corrigan, the President of the New York Fed, said: "Protectionism is not an answer to anything."

decentralised, and wil probably remain so, the bank wants to force enterprises and local governments to stock more strictly to their budgets. The bank itself may also be under pressure from the People's Bank, China's central bank, to manage the country's currency

"There are a lot of cowboys who have been abusing their powers," said one Hong Kong banker. Like many others here, he is now advising clients to try and warn people not to go too fast." He said China would be importing "less cars, TVs and fridges" and might introduce a tighter system of import permits for foreign trade dealing with really have the foreign currency before clinsh-

Bank of China is engaged in a tussle with these enterprises over the use of foreign exchange. Although authority Last year China's trade totalled \$49.9bn, with imports of \$25.5bn and exports \$24.4bn.
Both this covers all its trade over foreign spending has been dealings with both the Com-

munist and the non-Communist world. The deficit with the hardcurrency area was probably bigger than the figures suggest. These figures do not include China's invisible earnings which are large, particularly from tourism. There are also significant capital inflows, details of which are not pub-lished, so Western analysts are unable to obtain a complete

This small hiatus in China's who sell to China to ensure that rapidly growing trade with the the Chinese enterprises they are west comes when bankers are weighing up the possible advantages of boosting their presence in the country. About 70 banks currently have representative offices in Peking. But they will shortly be able to bump these up to branches in specified economic zones

foreign borrowing, as seems likely. Despite its desire to rein in import growth, China will, according to Wang Deyan, be seeking new sources of finance China has so far tapped the West German and Japanese capital markets, and has, view of China's finances. through Hong Kong, obtained finances for specific ventures such as hotels, infrastructure

is only the tip of the iceberg. "Everycre is waiting for the other shoe to drop. We expect China to become a major importer of capital," said a U.S.

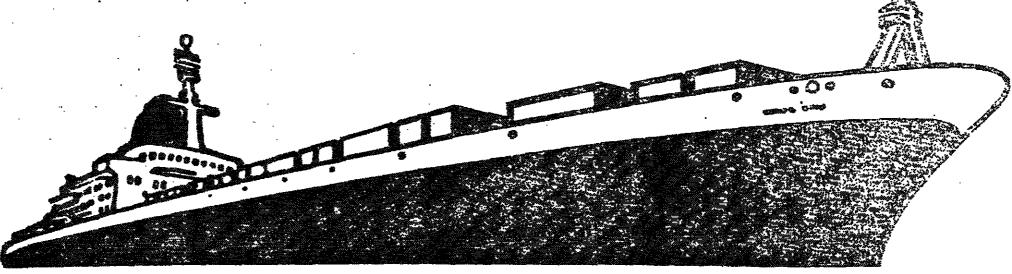
and industrial projects. But bankers here believe that this

EEC urges Japan to promote imports

THE European Community has called on Japan to stimulate domestic demand and to take "quick, specific and effective" steps to promote imports, AP reports from Tokyo.

duced trade tension between it and Janan. The Community's annual trade deficit is over \$10bn (£7.75bn).

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#### **UK NEWS**

## Why Sir Freddie seeks more than a cash recompense

BY DUNCAN CAMPBELL-SMITH

ANYONE with an ear cocked for news of a final settlement to the great legal battle over Laker Airways will have noticed a deafening silence since early last month.

British Airways (BA), on behalf

of itself and 11 co-defendants in-cluding nine other international air-lines, formally offered almost \$65m on May 7 to settle a civil anti-trust case brought against them in the U.S. Federal Court in Washington. Nearly four weeks later, the wrangling continues. The plaintiff in the case - Mr Christopher Morris of accountants Touche Ross who is the liquidator of Laker Airways has been unable to accept BA's offer on behalf of all the Laker Air-

way's creditors who seek to recoup all or part of their loans to the The striking thing is, however, that of all the reasons for this impasse, hardly a single one directly

concerns Mr Morris or the creditors

Official transcripts have been rething we do, let's kill all the law-

Most of those involved appear to major factor in preventing the mat-ter being settled is the question of lawyers' fees. Or, to be more precise, the question of how much should be paid to Mr Robert Beckman, the U.S. counsel representing

The proposed settlement would give Mr Beckman Sam. His first re- answer for Lonrho or its feelings sponse to this was that it did not about their joint venture, which Sir some of his undertakings are more constitute a proper offer because it Freddie claims collapsed in 1983, simple than others. For example, he

was not negotiable. Judge Harold Greene, presiding over the case, took a dim view of this on May 8: "If the money is not enough, it is not enough. If it is enough, it is enough. It doesn't make any difference whether it is negotiable.

To which Mr Beckman promptly replied that it was not enough. He was referring technically to the whole \$65m settlement; but, as the judge made very clear, it boils down to Mr Beckman's fee since both the Laker creditors and Sir Freddie Laker himself - who has also been offered Sam - are now in agreement with the defendants about the fig-

Mr Beckman has stuck to the figure, despite the apparently incredulous response of many other parties to the dispute. But his fee is not the only barrier to a settlement.

There are a number of other legal points which are still causing prob-lems. For example, the defendants' insistence that the final package leased by the Washington court of must win the complicity of Laker the last two big meetings beld be- Airways' ultimate shareholders means that approval for its terms May 8 and May 30. It is difficult to has to come from Mrs Joan Laker. read them without feeling a bringe Now divorced from Sir Freddie, she read them without feeling a twinge Now divorced from Sir Freddie, she of sympathy for the harsh logic of was his first wife and held 10 per the Shakespearean mob: The first cent of the equity - but her position is still unclear

Also shrouded in confusion is the situation of Lonrho, Sir Freddie's 50 agree that, in Mr Morris's words, "a per cent partner in a small company set up since Laker Airway's collapse. The defendants in the antitrust suit want assurance that no claims will subsequently be brought against them over any of Sir Freddie's affairs - before or after the col-

Sir Freddie says he cannot

efendants were involved." Another difficulty has concern the future of all the hundreds of documents generated by the dis-pute, including material "dis-But Sir Freddie wants two other vered from the defendants under the due process of U.S. law. The air-lines want them all returned, with no public disclosure whatever.

Mr Beckman has objected to this with some colourful arguments, He has variously contended that such action might involve him in a breach of U.S. legal ethics and that he could endanger the future exis-tence of his whole practice, which has specialised in aviation law for have cut much ice with Judge

Sir Freddie's own objection to returning all documents has been at once more straightforward and more passionate. The result, he said on May 30, would be that he "would be unable effectively to write my own memoirs ... I do want the creditors paid and I do (sic) and my dearest wish, of course, is that the exist ... truth be told because I want that in-Freddie Laker.

As such references to his son might suggest - not to mention some passionate words about the price of his soul and integrity - Sir retribution. And satisfying Six

cle to final agreement.
"I am a simple person, all I want
to do is go back into my trade and I want some undertakings from it," said Sir Freddie last week. But Greene has been asked to help the

"and (in) which again some of the wants the right to free tickets on all the surlines for himself, his wife and his son. (In fact, they have been getting free passage on BA, at least

concessions. In the jargon of the settlement negotiations, these are referred to a - warmth. That is, he wants a warm reception from the industry if and when he attempts to re-enter it. He wants the other airlines to accept certain obligations to provide him with services and facilities in line with what they give to each other. Above all, perhaps, he wants some kind of commitment that the industry will refrain from many years. Neither point seems to any future discrimination against

> Not only do these requests jar with some of the co-defendants' private feelings about their former adversary, they look to some of them like the groundwork for future litigation. "It is difficult to contract in advance," as the BA counsel has put it, "as to how we will deal with a company which may not yet even

formation myself and I want it for a been the defendants rather than young man seven years of age, the plaintiff who have involved Sir Freddie in the case at all. He is not a direct party to Mr Morris's suit. Indeed, Mr Beckman last week proposed, as an alternative to a total settlement, that Sir Freddle simply Freddie is looking for rather more be excluded from a deal between in any settlement than financial the liquidator and the airlines.

But the airlines appreciate only Freddie is proving, with Mr Beck too well that this could leave them man's fee, to be the other key obsta- \$48m poorer and still facing litigation from Sir Freddie - himself rep resented by the irrepressible Mr

It is small wonder that Judge some of his undertakings are more parties resolve their problems, in simple than others. For example, he another round of closed meetings.

Selective Guide every

FRIDAY

## Pilkington redundancy bill £31m

BY IAN RODGER

REDUNDANCY CHARGES at Pilkington Brothers, the leading UK glassmaking group, will rise to \$31m in the next two years. The group has already spent more than £60m on reducing its British workforce in the past five years.

It has been widely assumed, espe-cially since the £104.8m rights issue last December, that Pilkington's redundancy charges were on a down-

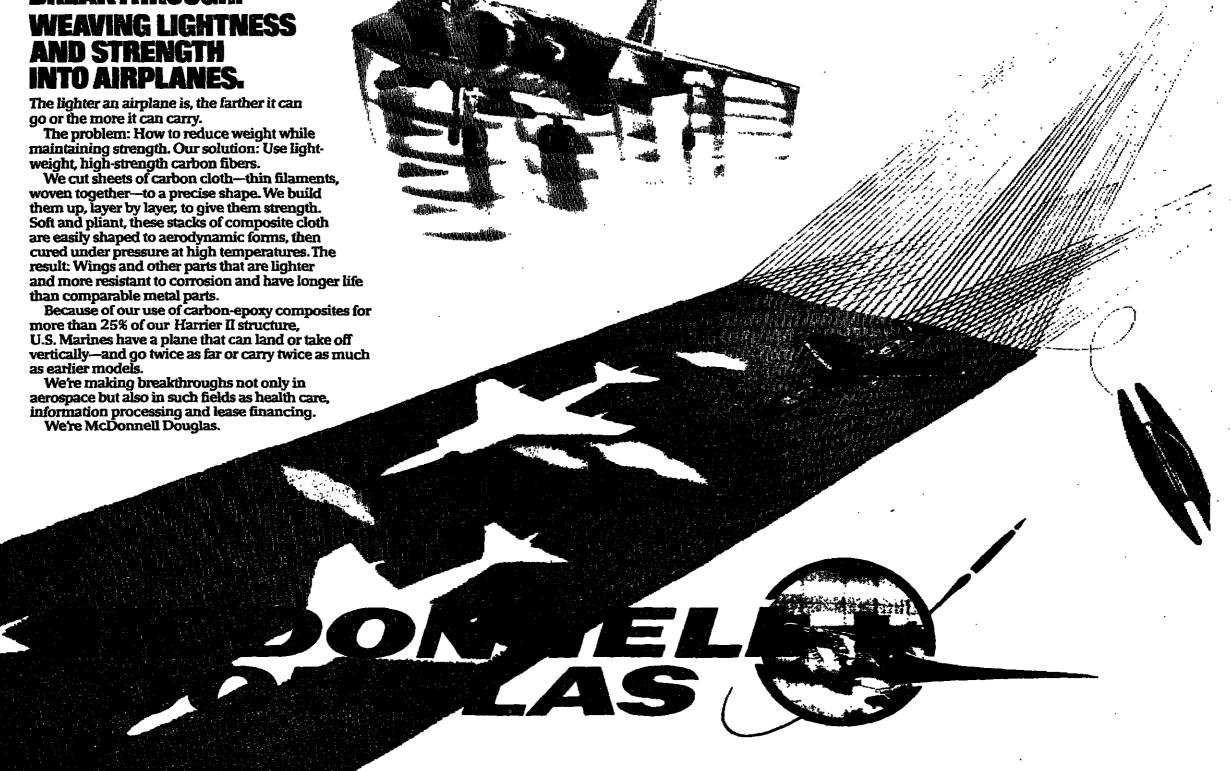
ward trend. The group publishes its prelimi-However, Mr Antony Pilkington, nary financial results for the year the chairman, said in an interview to March 31, 1985 next week, and yesterday that the group had iden- will indicate that redundancy tified all the positions it needed to charges will amount to about £20m

push to persuade people to go. Then

we will be finished."

eliminate to make its glass and fi- this year and a further £11m next breglass plants among the most year. Pilkington has halved the productive in the world. So we 18,000 workforce at its main manuhave decided to have one last big facturing base at St Helens on Merseyside in the past five years, but a further 2,000 jobs are to go.

## **BREAKTHROUGH: AND STRENGTH** INTO AIRPLANES.



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The dividend of 18% will be subject to German Capital Yields Tax of 25%. Coupons and London Deposit Certificates may be presented as from 5th June. 1985 to

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from whom appropriate claim forms can be obtained.

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Payments in respect of London Deposit Certificates will be made at the rate of exchange ruling on the day of receipt of dividend on the underlying shares

United Kingdom Income Tax will be deducted at the rate of 15% unless claims are accompanied by an affidavit.

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Frankfurt am Main, June 1985

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#### **UK NEWS**

## Hoechst Salomon in Japanese equity move

BY GEORGE GRAHAM

SALOMON Brothers, the U.S. investment bank, is to expand its Japanese operations by moving for the first time into Japanese

It is building a team at its London branch to research and distribute Japanese equities in Europe and eventually in the U.S. Salomon has had an office in

Japan for five years and this became a full branch three years ago. Although branch status would have given Salomon lower the Tokyo Stock Exchange, the company's involvement has been predominantly in fixed-interest

Its client base in Japan has been mainly government agencies and banks, but without the ability to offer equity financing it has been cut off from much of the industrial corporate finance

Salomon has therefore recruit-

ed Mr Christopher Mitchinson and Mr Nicholas Bedford, repec-tively director of research and director of Japanese sales at the Hong Kong-based stockbroker W. I. Carr, Sons and Co (Overseas).

They will form the nucleus of a team of 10 or 12 researching selected Japanese industries and distributing Japanese equity is-sues. The research operation will

Other U.S. firms, including Merrill Lynch, Goldman Sachs, Morgan Stanley and First Boston, are making markets in Japanese stocks. So is Rowak, the securities group formed by the UK merchant bank S. G.

Warburg. Mr Charles McVeigh, managing director at Salomon in London, said the group would con-centrate initially on building a strong research and distribution be based in Tokyo.

## Warning over 'footloose funds'

BY PHILIP STEPHENS

SPECULATIVE capital flows have now become the principal influence on foreign exchange rates, leaving central banks and international institutions often powerless to influ-ence events in capital markets, Mr Denis Healey, the Labour Party's spokesman on foreign affairs and a former Chancellor of the Exchequer, told the FT Foreign Exchange 1985 conference yesterday. This trend held out substantial risks for both industrialised and developing nations, he added.

He traced the current volatility of exchange rates to the parallel development of economic policies which focused entirely on the control of inflation and on the revolution in financial markets, which had led to the collapse of internal and external barriers.

The result, he said, was "an atomic cloud" of footloose funds which investors were reluctant to commit to real economic development so instead shifted in and out of different currencies and financial instru-

Estimates from the U.S. suggested that speculative capital flows amounted to \$50,000bn a year, comnance world trade.

Lloyds gilts

Mr Robert Openshaw to head its new gilts (government stocks) dealing subsidiary. Mr Openshaw is a partner of Wood, MacKenzie and Co, the Edinburgh-based stockbro-Lloyds said that Hill Samuel, the merchant bank that intends to take over Wood MacKenzie once Stock Exchange rules permit it, has agreed to release Mr Openshaw com his contract with them The Lloyds gilts dealing subsid iary, part of its merchant banking division, is expected to become op-

unit head

appointed

erational next year.

 $\hfill \square$  INCREASED numbers of employ ees were relocated by their employ published by Merrill Lynch Reloca

found that British industry and commerce had difficulty in estimat-

ing all the costs associated with re-

"Some companies, even admit to

a lack of control in important areas

of their relocation policy," it said. Relocation among leading British

companies grew by 20 per cent last

☐ THE B&Q do-it-yourself chain. part of the Woolworth group, is the fastest growing multiple retailer in any sector of the retail trade, ac-

cording to a survey of the DIY mar-

The survey, carried out by Verdict market research company, gives B&Q a 17 per cent share of the market which has total sales of

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year, the survey said.

about £1.8bn a year.

ket in Britain.

#### FINANCIAL TIMES Foreign Exchange Risk - 1985

whose asset price was completely divorced from its underlying stream of income. Investors bought one or other currency not because of their view of its intrinsic worth but because they hoped to sell it at a profit, he said.

The danger, he added, was that banks and other financial institutions were taking increasing risks in an environment which they did not fully understand.

That could lead to further problems as central banks were forced to rescue those institutions - as had already happened with Continental Illinois and a number of savings institutions in the U.S. and Johnson Matthey in the UK.

Mr Healey also underlined the difficulties faced by developing countries in coping with the present economic and financial environ-ment. The "band-aid" approach to Third World debt could not last indefinitely, he said.

Other speakers at yesterday's final sessions of the two-day conference focused on the growing range of hedging instruments available to corporate treasurers to reduce or eliminate currency risk from their business operations.

Several, including Mr Graham Steward of Hambros Bank, Mr Mike Bryant of Hertz Europe and Mr Gary Seelinger of Merrill Lynch International Bank, highlighted the potential offered by currency op-

Options, which are now freely available on an over-the-counter basis in most financial centres, offer the opportunity to cut out currency risk while preserving the potential for gains, though at the cost of an

Mr Henry Hubbe, the president of the U.S. forecasting company, International Treasury Consulting Inc, spoke on the technical analysis for day-to-day currency manage-

Technical forecasts, which are based on mathematical analysis of

past movements in the foreign ex-change markets rather than on a projection of future economic trends, had achieved a better track record than more conventionallybased predictions.

But though it had proved more reliable than other methods, and was demonstrably better than tossing a coin, it was generally right only around 55 per cent of the time.

Mr Emilio Giacomotti, a vicepresident at Citibank, outlined the dvantages for corporate treasurer of centralising their treasury and foreign currency operations.

Centralised control and co-ordi nation of currency management provided flexibility in hedging risk and minimises the costs in operating companies. There was also a case in some businesses for the establishment of a separate company established offshore under a favourable tax and regulatory frame work, to act as the central point for all cross-border cash flows, he said.

Finally, Mr Timothy Lyons of Credit Suisse First Boston, commented on the potential for curren cy swaps to cope with exchange

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#### **UK NEWS**

## **British Nuclear Fuels in court on** charges of radioactive pollution

today on criminal charges arising from events at its Sellafield factory in Cumbria, north-west England, in

The trial, expected to last until August, will test the practicality in law of the pollution control principle known as Alara - "as low as rea-

(DPP) relate to the latest in a series activity at the factory, and the first to impinge upon the public.

Its occurrence coincided with a Yorkshire Television documentary alleging that plutonium leaking from the factory was responsible for a high incidence of child leucaemia in the neighbourhood, alquiry last year failed to substan-tiate the allegations.

BNFL is a state-owned company with about 15,590 employees, pro-viding international nuclear fuel services. It had sales of £480m in 1983-84, of which exports accounted for £91m, and made an operating profit of £125m. It was formerly the production division of the UK At-omic Energy Authority, until hived off in 1971 as a separate trading company. Its shares are held by the Department of Energy.

The Sellafield factory is its hig-sest operation, engaging about half its workforce. It reprocesses spent fuel from nuclear power stations,

BRITISH Nuclear Fuels (BNFL) is to appear at Carlisle Crown Court David Fishlock, Science Editor, reports on the for that purpose by the Minister and or criminal charges arising the correspondence of the contemporation. start of a trial arising out of the contamination Published correspondence between Prof Paul Matthews, chebof beaches in north-west England in 1983 by man of the Environment Departthe Sellafield processing plant

> phitonium and separating and storing the radioactive wastes.
> It also has a military role as the source of plutonium metal for Brit-

The factory is permitted to dis-charge slightly radioactive liquid ef-fluent into the Irish Sea, containing alpha (plutonium) and beta activity

the 1960 Radioactive Substances Act, and four under the 1985 Noclear Installations Act. They are that it allegedly:

1. Discharged highly radioactive matter and liquids into the sea "to such an amount and at such a rate that radiation exposure ... was not as low as was reasonably achiev-

terial to enter a transfer pipe to a sea discharge pipeline without ensuring "so far as was reasonably practicable" that there was adequate means of preventing it having to be flushed to sea, should it

become lodged in the transfer pipe.
3. Discharged highly radioactive matter and liquids to sea and failed to ensure "that any person in the vicinity of the end of the discharge pipe or using adjacent waters" knew of the risk, and hence that it failed to "take all reasonable steps

to minimise the expos sons to radiation 4. Failed to keep ade

ords of its operations.
5. Failed to keep on-site adequate tive materials stored or accumulat-

Failed to keep records of radio-active material discharged to sea. The first two charges are the serious ones. The third was added three months after the DPP announced the other five charges last August. The remaining three relate to rela-

tively minor technical offences. At no time during this or the earlier "leaks" did the emissions exceed those authorised at the time by the government departments that regulate the activities of Sella-

The first two charges, under the Radioactive Substances Act, are seen as testing the Alara principle for limiting radiation doses from nuclear activities. Alara was first year of the leak.

The certificate of authorisation at the time of the leak called upon the the be company to "limit the amount of radioactive elements discharged and radioactive exposures are as low as

ment's radioactive waste manage-ment advisory committee, and Mr William Waldegrave, the Environ-ment Minister, last spring indicates that the committee had found the Alara principle flawed and inad-

quate for Sedafield. Instead, it recommended Alary— "as low as reasonably practicable." The difference is that Alary has the benefit of a body of UK case law behind it drawn from non-nuclea

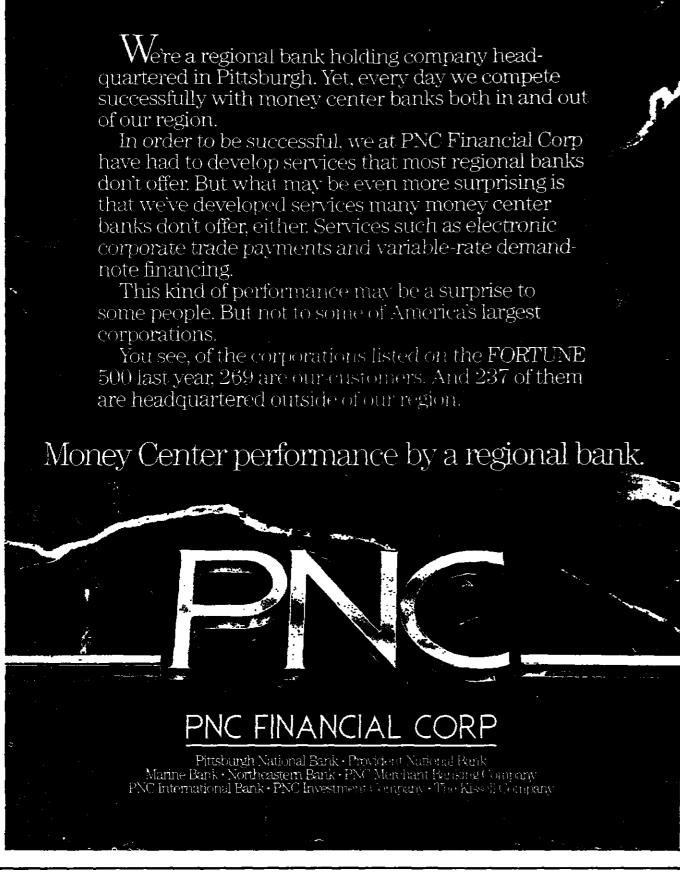
ment's latest certificate of authorisation for the discharges of radiosc tive effluent from Sellafield, dated January 1, 1985, requires that the factory shall fulfil both principles, Alarp as well as Alara.

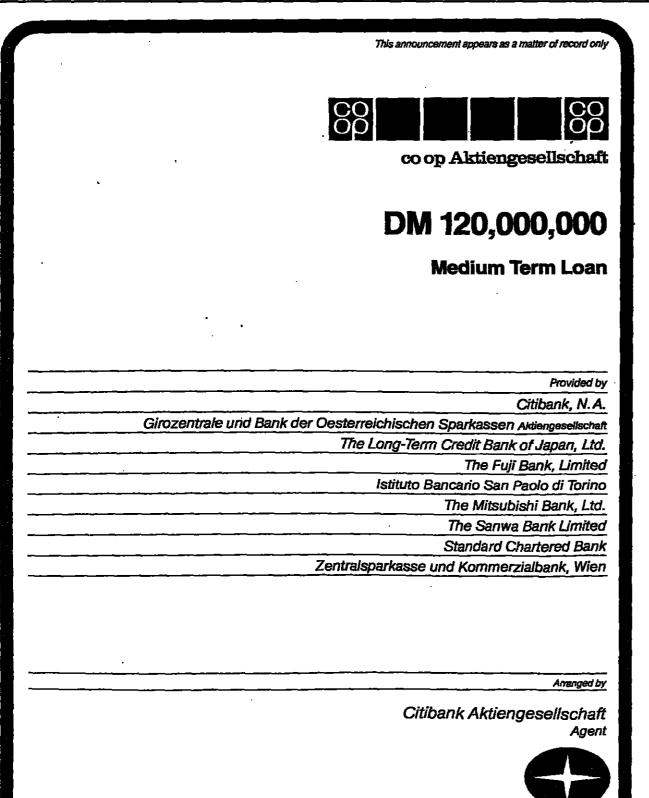
The latest certificate of authoriza-

tion also introduces a factor not present previously, name y limits to the discharge of solid radioactive particles - "crud," in the industry's argon. The Cumbrian bear were contaminated with particles of radioactive material flushed from nance operations

No one was harmed by the events applied to Sellafield's activities as that followed, which resulted in a recently as February 1983 - the very low level of contamination of the beaches. But, as a precaution,

The factory is commissioning the rate of their discharge such that three new facilities this year, costing a total of £490m, all designed to





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## **UK NEWS**

## Mercury in telecom deal with AT&T

By Jeson Crisp

y dames begin

MERCURY Communications, the fledgling telephone network, has reached an agreement with American Telephone and Telegraph (AT&T) to provide telecommunications links between the U.S. and the

The deal is a useful boost to Mercury because of AT&T's prestige as the largest U.S. telecommunications company. In the longer term, the agreement may lead to substan-tial revenues. Initially, it is not likely to result in a substantial increase in business as Mercury already has agreements with 11 North Ameri-

can telecommunications carriers.
AT&T and Mercury will offer private leased circuits via satellite between the two countries for both voice and data communications. The potential for transatiantic business increases significantly next year when Mercury's first ex-changes come into operation.

Once the exchanges are working it will be possible to dial customers in each country. Mercury, a wholly owned subsidiary of Cable and Wireless, is building a high-capacity trunk network between the big cities in England and is offering point-to-point private circuits.

Its business is expected to grow substantially once it is possible to dial customers and after the Mercury network is connected to British

Mr Gordon Owen, managing director of Mercury, commenting on the deal with AT&T, said: "This is a significant undertaking for both companies. It provides us with access to the wide variety of AT&T's telecommunications services and the many international customers who use them. It will also mean AT&T will be able to provide more choice for customers do-ing business in the UK."

#### **British Gas** offer will have 'huge appeal'

By Dominic Lawson

SHARES in privatised British Gas Corporation will be of "enormous appeal to investors", according to a report by stockbrokers Fielding,

Fieldings argue that British Gas's privatisation might be as funda-mental to the oil and gas equity market as British Telecom's privatisation was to the electronics sector.

oil and gas equity market will ume of only about 200 lots, despite prompt "a massive change in invesbrokers argue. For the first time, they claim, there will be a credible alternative investment to either British Petroleum or Shell (which currently constitute 82 per cent of

32 X Cc

the UK oil and gas equity market). The report claims that, unlike Shell and BP, "British Gas is insulated from a fall in the oil price, a quality which should be of enormous appeal to investors at this stage in the oil cycle. Given these strengths it is impossible to imagine that there will not be an enormous appetite from institutional investors seeking a more balanced energy portfolio than is possible at

A less effusive reaction to the privatisation of British Gas came in a report by broker L Messel. It points out that "talking about a val-ue for British Gas at this stage is quite misleading" until the Government has made a number of key decisions. In particular, the report says that decisions about the future tax regime for British gas and gov ernment control over its selling prices have yet to be made.

## Union likely to move towards acceptance of labour laws

BY PHILIP BASSETT, LABOUR CORRESPONDENT

the Conservative Government's labour legislation is likely to be accelerated today when Britain's third largest union, the General, Municipal and Boilermakers (GMBU), is expected to take its first overt step towards accepting the law.
The GMBU's annual conference

in Blackpool is set today to approve a special resolution, proposed by the union's executive council, which will establish a wide-ranging review of the union's internal procedures, including its elections.

Such a move by the GMBU, a key union in the political centre of the Trades Union Congress (TUC), would be likely to herald a significant shift in the TUC's formal policy of blanket opposition to the Govern-

TRADE UNION compliance with ment's employment and trade

he conference ought either to reaffirm or review the TUC's stance.

clarify the union's stand on this key The GMBU executive's resolution union's rules in order to comply which requires secret ballots for the

But the executive is recommending the establishment of a review Leaders of the GMBU have pro- with the aim of bringing forward posed that the TUC should convene specific rule changes to the union's a special conference on its standing annual conference next year on a labour law policy, but they have range of issues, including those qualified their point by saying that covered by the Act. It proposes: Reviewing in time for internal elections in 1987 the union's present

The outcome of today's expected indirect method of electing regional GMBU conference decision will executive members, which will be unlawful under the 1984 Act. Looking at the number of regional lay places on the executive. states specifically that there should be no 'immediate' changes in the union's general secretary and

his powerful regional secretaries. with the Trade Union Act 1984. Studying the position of execu-which requires secret beliefs for the tive members from the old boiler election of union executive mem- makers' union, which the GMBU took over three years ago.

## Telecom faces pay disruption

bers and voting officials.

BY DAVID GOODHART, LABOUR STAFF

BRITISH TELECOM (BT) faces the prospect of a summer of disruption over pay after yesterday's rejection of a 6.75 per cent offer by the annu-al conference of the National Communications Union (NCU).

NCU delegates, representing the bulk of the 135,000 engineering grade staff, gave their executive au-thority to call industrial action, but rejected by about two to one a more specific call for a national overtime

had been expecting a reasonably high pay offer, but with unaccept-able flexibility conditions.

BT's first pay round since privati- (RPI). Mr Derek Porter, director of personnel, wrote to the union after sation was always likely to be difficult. In accordance with market philosophy and the company's the last meeting emphasising that the RPI was only one factor in ne-gotiations. He said the index was healthy profits, union negotiators forecast to fall from midsummer.

However, a rise in RPI has obvi ously come at a had time for BT and Although the offer was raised many other negotiators will be from 5 to 5.8 and now to 6.75 per watching with interest this first macent, it has since been overtaken by jor negotiation using the new fig-the 6.9 per cent Retail Price Index ure.

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## Intex to seek \$5m funding

By Alexander Nicotl

INTEX, the Bermuda-based automated futures exchange which be-gan trading last October after several years of delays, is seeking \$5m from British investing institutions to fund the introduction of new contracts.

The exchange was conceived as a revolutionary alternative to the tra-ditional method of trading futures contracts through open outery in market "pits".

The Intex computer in Bermudi matches buy and sell orders insert-ed into terminals in the offices of members. Although the member-ship total is much higher, 42 are hooked up to the system so far in the U.S. and the UK.

Intex had a disappointing start with a gold contract identical to that traded actively on the New The arrival of British Gas in the York Comex generating daily volincentive schemes designed to stim-

Freight rate index futures, begun in May in conjunction with Lon-don's Baltic Exchange, have had a promising start. Greater however, are pinned on a U.S. stock index developed by Fi-nancial News Network, an all-day U.S. cable television channel. Inter also plans this year to trade futures on zero-coupon U.S. treasury bonds.

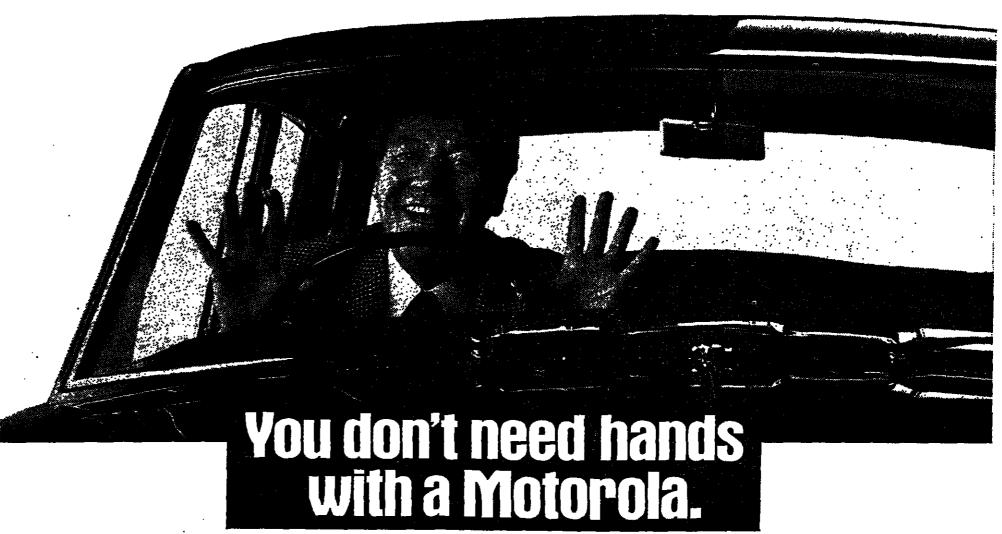
With volume still very low and a system that can handle 70,000 trades an hour, Intex is seeking other ways to achieve profitzbility. It does not expect to make profits un-

Security Pacific, the U.S. West Coast commercial bank, has agreed to lease the Intex system to create a market which is believed to be in its own securities. The Montreal Stock Exchange has also agreed in principle on a leasing deal,

Mr David Graves, Intex chief op erating officer, said yesterday tha additional money - on top of \$9m and promote the new contracts.

THE STATE OF STREET





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### THE MANAGEMENT PAGE

EARLY last year, Sim Kee Boon was approaching retirement but, at 54, did not want to stop at 54, did not want to stop working; as departing head of Singapore's prestigious civil service he obviously had a lot to offer. His masters agreed, but when they asked him to take over the helm at Keppel Shapyard, he had little idea what he was letting himself in for

Keppel is the government's industrial flagship—the historic foundation from which Singapore's worldwide reputation as a ship/rig builder and repairer grew—and one of Singapore's largest publicly-quoted com-panies. It owns 82 per cent of another public company, Straits Steamship, and 62 per cent of a third, Far East Livingston Shipyard. Since 1983 it has been in desperate trouble and is awash in a tide of red ink. As he tries to repair the damage Sim Kee Boon is now a wiser

His efforts underline how, in Singapore at least, a civil servant with no specialist experience can take business decisions, provided he has the right professional support and strong backing from the government. The past year also says something about how a newly-industrialised country copes, belatedly but firmly, with a severe reversal in a successful but highly competitive business.

Last year the group reported an attributable loss for 1984 of \$174m (£62.3m), probably the island state's worst corporate result ever; Straits Steamship, known locally as Steamers, showed a \$\$29m loss. Sim, however, is looking for a return to profit in the next two years and tough decisions taken — is already turning his attention to the wider problems of the whole ship/rig building and repair

On taking over as executive chairman last May, Sim's main priority was to pick up the pieces after the controversial. ill-conceived and highly expensive \$\$500m takeover of Straits Steamship from UK-based Ocean Transport and Trading the previous year. Steamers had already decided to get out of gical approach to Keppel's a costly Western Australian problems. "If we had done it mining venture, but that was

year, he sold a majority stake in Ben & Co. Steamers' persistently loss-making, publicly quoted subsidiary, and he terminated early the company's disastrous three-year time charter on the cruise ship "Princess Mahsuri."

state intervention in the went further, writing down the economy has probably been book value of some offshore and unique in the world. For where coastal vessels as well.

Shipping

## Why Singapore's flagship is in need of repair

BY CHRIS SHERWELL

WHEN Sim Kee Boon (above) arrived on the board of Keppel Shipyard in February 1984, its takeover of Straits Steamship the previous year already looked like a mistake. His move, and especially his ascendancy to the new post of executive chairman in May, confirmed that this was the government saw it

The purchase from Ocean Transport and Trading valued Steamers at \$500m and was one of Singapore's biggest-ever corporate takenvers. Initially it won applause, but when the scale of Steamers' problems emerged and it was realised that Keppel had paid far too much, George Bogaars, chairman for 14 years, was axed and one of the children tooks. the advising banks, Jardine Fleming, was unceremoni-

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|----------------------------|---------|
| it has decided to get i    |         |
| in an activity the private |         |
| has shunned, the Gove      | rnment  |
| typically appoints civil s | ervants |
| as professional manage     | rs, and |
| gives them the latitude    | de any  |
| businessman would no       |         |
| pursue commercial obj      |         |
| For Keppel the objective   |         |
| now, remains the same,     |         |
| decisions have been so     |         |
| that shareholder-backing   |         |
|                            |         |
| been crucial at all stage  |         |
| Sim is emphatic that       | t there |

nining venture, but that was gently, it would have caused ust the start.

In two major decisions last says, an indication of the concern, he sold a majority stake cern felt by the government shareholders.

The Ben disposal brought an

extraordinary gain of S\$13.1m and left Steamers with a handy 16 per cent stake in QAF, which had bought Ben in a reverse takeover to produce the first In taking these steps, the Government's backing was important, but also intriguing of breaking the charter contract because Singapore's style of was a cool S\$12.7m, but Sim



On Keppel's future, he is quite explicit. "Our core busi-nesses will not change, our

decisions so far give us a fresh start. But our strategy

is to survive and prosper, so we must rationalise and diver-

sify. The really difficult deci-

sions are yet to come."

Sim admits that he had no vice in 1979. Sim admits that he had no specialist qualifications to take over Bogaars' job, but his career as a civil servant since he graduated with a B.A. in 1953 has followed classic Singapore lines, and has thus been peculiarly relevant Sim spends a day a week in the Straits Steamship building in the heart of Singapore's business district, and another morning at Far East Levingsmorning at Far East Levings-ton, the other quoted sub-sidiary. The rest of his time is passed at Keppel in the dock area, except for Satur-days, which he spends at the airport because he is now head of the Civil Aviation Authority and of Changi Air-port Services.

port Services.

vant.

After rising to permanent secretary level in the Minlistry of Finance, he was seconded in 1968 to start up 
Intraco, the government-controlled trading and manufacturing corporation. For eight 
years he had the experience 
of running a state company. of running a state company. From Intraco, Sim moved to the Ministry of Communi-cations, where he undertook the task by which people most readily identify him—masterminding Singapore's international airport.

ously kicked out of the

|  | KEPPEL SHIPYARD<br>(SSm) |                   | STRAITS STEAMSHII<br>(SSm) |                    |  |
|--|--------------------------|-------------------|----------------------------|--------------------|--|
| <u> </u>   | 1984                     | 1983              | 1984                       | 1983               |  |
| Turnover<br>Operating profit (loss)<br>Pre-tax profit (loss)                 | 808<br>78.2<br>5.4       | 667<br>35.1<br>28 | 226<br>(2.2)<br>(14.4)     | 265<br>12.2<br>3.9 |  |
| After-tax profit (loss)<br>Extraordinary items<br>Profit (loss) attributable | (20.1)<br>(145.5)        | 17.0<br>69.2      | (23.1)<br>(5.75)           | (8.5)<br>(5.4)     |  |
| to shareholders  | (174)                    | 80                | (28.8)                     | (14)               |  |

According figures, discontinued operations in 1984 resulted in a S\$15.8m outflow of funds, but Sim says the company will return to profit this year. It is a view disputed by broking analysts, but no one doubts there will be an improvement on 1984, when turnover was off 14 per cent and losses more than doubled.

Still tougher decisions have been necessary at Keppel, how-ever. The most important was an even larger-scale ship re-impact on group accounts. I valuation than carried out at have decided that it is better Steamers, so that together they to bite the but resulted in a S\$131m cut in than spring until value. Sim says he'd like to in the future." sell off some ships in the next two years to generate additional cash and reduce Keppel's debt to finance the Steamers take-

Steamers' and interest expenses, but he says there will be no distress selling and he will hang on to them if necessary.

In an unusual move by Singa-

pore standards, Keppel executives decided to dampen the shock of the resulting S\$174m loss by addressing special meet-ings of brokers and bankers just before it was announced. In a separate special statement, Sim declared forthrightly: "I carried out the revaluation exercise with the full knowledge of its to bite the bullet now rather than spring unpleasant surprises

Reppel's debt problem, largely the result of borrowings

over, also demanded correction and under Sim, total borrowings and under Size of the State of the have been reduced from \$5945m at the end of 1993 to \$5678m at end-1984. Last year the group's net interest burden of \$571.3m almost obliterated a SSTSm operating profit. Taxa-tion on the latter dragged the group into loss even before entraordinary items like the revaluation.

Moves to reduce the interest burden included a one-for-two rights issue to raise \$\$155m in mid-1984, the issue of US\$100m commercial paper in the U.S. and a \$\$100m revolving underwriting facility in Singapore, the first in Singapore to be denominated in the local

Sim has sought by these moves to transform Keppel group's financial structure—cur-rently only 29 per cent of debt is short term and a greater proportion is fixed-rate financing. The balance sheet should be even healthler in the next 12-18 months, he says.

Where does the group go

from here? The answer, says Sim, is (wo-fold. One, find business abroad. Two, rationalise at home. Work is going ahead rapidly on both, with the opportunities offered by China generating the most excitement. Steamers, whose principal

business is now property (currently a weak market) has, through its OIL (Asia) subsidiary, an agreement with Gladhover of Hong Kong to manage the port and supply base at Zhuhai, near Macau. Far East Levington is a partner with other Singapore groups in a nine-company consortium working at another base in Chiwan in Shenshen province, and is also investing in a maintenance and repair facility there.

Last year Levingston was the group "cash cow," but with two oil rigs and a crane vessel completed and a jack-up capable of withstanding the worst environ-mental conditions under con-struction with U.S. and French partners but lacking a firm order, it now faces a soft year.

Beyond this-and in a pointer to the co-operation in prospect at home—Far East Levingston and Singapore's other major government - controlled yard, Sembawang Shipyard, are doing a survey for a possible fabrication facility to build production platforms and jackets in The state of the production of the state of the Tianjin. The two are also hoping to set up ship-repair yards with Chinese partners in Qingdao and Shanghai.

"China is opening up, physically and mentally," says Sim.
"The market is there. We have the skills, and we are small, posing no threat. We also share cultural values. But China can-not be our salvation. We must look elsewhere too." Accountancy

## Push for greater compliance with international standards

BY BARRY RILEY

own, our standards give them a generation jump."

things to do and one of them is to fill in the last tew building

former presidency of the Scottish chartered accountants and the current chairmanship

of Thomson McLintock of

His own firm has just re-emphasised its international

commitment by changing its name to KMG Thomson McLintock, and Kirkpatrick comes to the IASC appointment

backed by the experience of a five-year stint as a board

The IASC has sometimes been attacked for being too Anglo-Saxon oriented, but

Kirkpatrick flercely denies this.

countries, each with a vote, and the work of preparing the standards is remitted to a

standards is remitted to a steering committee, usually of four people drawn from different countries. To date, over 30 countries have partici-pated in the deceleration

pated in the development of these standards."

He accepts, however, that there are difficulties with Continental Europe, notably in

West Germany where there are problems "because of the law, which governs the whole

"The board consists of 13

member up to 1983.

Scotland.

"EVERY accounting body which is a member of the International Federation of Accountants is constitutionally ways the tastest progress could be in the developing countries." he argues, mentioning nations such as Nigeria and Singapore. "A number of these countries are seeing the necessity for accounting standards nationally. Compared with developing their required to use its best endeavours to have our standards compiled with," says Scotish accountant John Kirkpatrick, who has just taken over the chairmanship of the International Accounting Standards Committee

In practice, though, getting 900,000 accountants—the total membership of all the worldwide accountancy bodies affiliated to the IASC—to agree is a formidable task. Only in Canada do listed companies formally acknowledge that they conform with LASC standards. In Britain there is still a reluctance to do so, partly on the grounds that British companies are often unwilling to comply with the tough standard on disclosure of segmental data.

#### Breakthrough

points to the recent recognition of international standards in the annual report of General Electric as amounting to something of a breakthrough. "It's a very encouraging sign," he suggests.

GE's recently published annual report contains a state-ment of financial responsibility which specifically acknowledges that its financial statements are consistent with standards issued by the IASC.

In one sense this is a statement of the obvious, since any company which complies with U.S. generally accepted accounting principles—as any U.S. listed company must—automatically conforms to inter-national standards too.

But the LASC needs the specific backing of major inter-national companies if it is to enhance its prestige, and they have proved slow to make a GEtype commitment.

John Kirkpatrick is disappointed that more companies "haven't yet seen the desirability of making that statement to an international audience." But he regards GE as the best kind of supporter, because it is regarded as a leader in financial

measurement." Countries meh as Spain have so far shown Nevertheless he considers that the U.S. may not offer the most important potential. "In some ways the fastest progress could comparatively little interest in

international standards. It is impossible in practice for the IASC to diverge far from standards applied in the major industrial economies, notably the U.S. So Kirkpairick acknowledges that when the IASC formulates international standards "we walk along a rightrope."

Kirkpatrick has clearly defined goals for his 21-year term as chairman of the IASC. "We've got a number of specific What we do universally is to outlaw bad reporting practice. But there are cases where we do allow alternatives, provided that these alternatives each provide good reporting and that the reader fully understands which alternative is being accepted."

Major projects under way include proposed standards on reporting by pension plans, on value added statements and on bank disclosure. Already the LASC has tucked 24 accounting standards under its belt, which He adds: "If you make a standard too concise it becomes simplistic. I think we've got the balance about right so far." As new chairman, John Kirk-patrick is jumping straight into the thorny subject of pension plan reporting, a subject on which the British Accounting Standards Committee has been means in addition a continuing programme of revision and refinement. At 57, Kirkpatrick's curriculum vitae reveals a long list of influential posts, including the

more or less stalled for years. Exposure draft E27 is to be published in July, and will require numerous details of transactions, assets—and habilities, and actuarial assump-

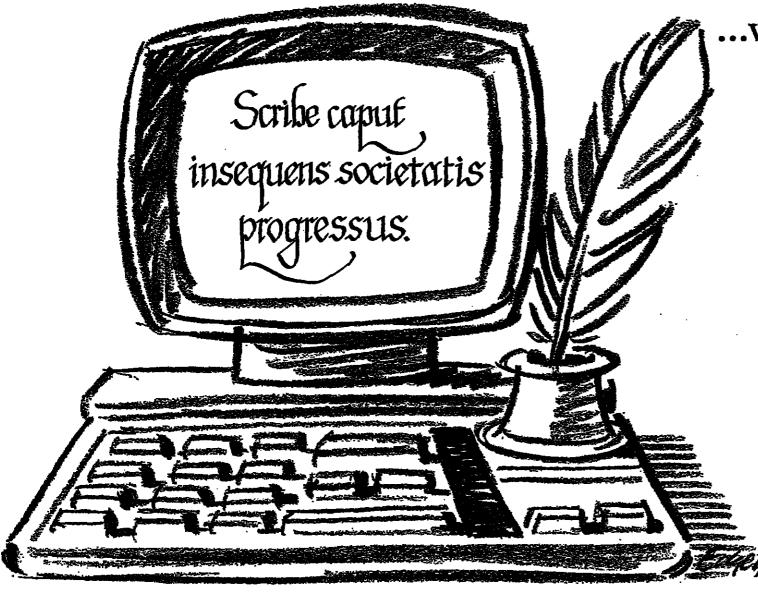
#### Controversial

Elsewhere the IASC is coming under quite a lot of pressure to pronounce on the subject of value added statements. The bank disclosure paper

could prove much more con-troversial. It follows an earlier discussion document released by the IASC some five years ago. For the time being the IASC is confining its attention to the question of disclosure rather than the still more tricky one of measurement, though a measurement standard is not ruled out in due course.

Sub-committees are just start-ing work on bank disclosure and Kirkpatrick accepts that it will be a difficult process because of "very widely differing practices around the world." The European Commission, for example, is proposing a controversial hidden reserve of up to 5 per cent of assets. "We may not problems "because of the law, cent of assets. "We may not which governs the whole find ourselves in agreement on question of disclosure and that," he warns.

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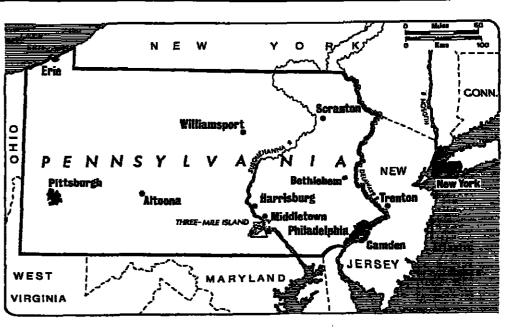
## FINANCIAL TIMES SURVEY

Wednesday June 5 1985



● PITTSBURGH: RECENTLY JUDGED AMERICA'S MOST LIVE-ABLE CITY

Pennsylvania, the fourth largest state in the U.S., is seeking to transform its economy by the end of the decade. From an over-dependence on coal and steel, the state's industrial base is shifting rapidly to higher growth, service and technology sectors.



State leaders believe the solu-

ment of small businesses, especially those in high tech-nology and service sectors,

The Government has made

number of moves to help

cluding its innovative Ben

gramme under which universi-

ties and the state help to fin-

ance high technology commer

durable manufacturing, but over half came from services. Last

year, the number of service jobs in the state surpassed the num-ber of manufacturing lobs for

Thornburgh's prediction that the state's economic base "will be completely changed by the

end of the decade" seems a bit of an exaggeration, but changes

entrepreneurs, in-

tion lies mainly in the develop-

# Pennsylvania

#### lic more than 200 years ago, is in the midst of a rebirth. The so-called keystone state, which was also in at the beginning of America's industrial revolution, is now REBIRTH OF AMERICA'S KEYSTONE STATE

trying to revitalise its rusting economy by participating in the electronic revolution. And following years of decay, corruption and neglect, the state is carrying out major renovations on its infrastructure and public institutions. Pennsylvania's problems in By lan Rodger

PENNSYLVANIA, the birthplace of the American repub-

the past few years have been considerable. The sharp decline in the fortunes of the coal and steel industries, which long underpinned its economy, sent the unemployment rate to levels not seen since the 1930s and stunted overall growth. But some potential new em-ployers were put off by the state's high taxes, high wages and restrictive labour practices.

Pennsylvania was also weakened by a rancous political tradition, and the inability of one party to win a decisive majority at the state capital, resulting in chronic mismanage ment. The state's fiscal posi-tion was so poor in the 1970s that the Government had to ask corporations to pay their taxes

The Republicans in 1979, under Dick Thornburgh, had no greater majority than their pre-

govern as if they did. This has at times been difficult, but Thornburgh managed to win a second term as Governor in 1983 and has, by most accounts, made a creditable start at tack-ling the state's problems while lowering the temperature

of political debate.

His own assessment of his progress came in his budget speech last February—"Per-haps the state of our Commonwealth is best described not by what we have had to discuss here today, but by what we have not had to discuss for quite some time," he told the

"We have not had to discuss payoffs, patronage and potholes ecessors, but they decided to in a financially precarious Penn- and so be set about trying to

managed and bloated bureaucracy. We have not had to discuss a bankrupt unemploy-ment compensation fund, or energy shortages or, of all things, the need simply to pass our budget on time."

Perhaps one of the Adminiinitiatives has been instituting state-wide compulsory iteracy and numeracy tests for its two major cities, children in grades 3, 5 and 8. Philadelphia and Pittsburgh Put in place two years ago, the system has revealed what every-ivable cities in the U.S., in one knew but was rejuctant to one knew but was reluctant to do anything about. Now, about a third of the 337,000 pupils in those grades are receiving mandatory remedial instruction. But the Government had an additional motive for adopting an aggressively reformist stance.

assets to offer industrialists,

including its proximity to the major markets of the eastern U.S. and Canadia, significant natural resources, a lot of beautiful, unspoiled country and excellent educational and educational and cultural institutions, such as laudable the University of Pennsylvania and the Carnegie Institute. According to a recent survey, is two anejor cities,

such as safety, cost of living, cultural amenities, transportation facilities, etc. But in the increasingly tough

inter-state battle to attract and preserve industry and jobs. these factors are no longer Thornburgh realised early in his first term that the coal, enough. Competitive tax rates, good highways and a co-operative government are also important, and Thornburgh set out to steel and other heavy turing industries were unlikely restore Pennsylvania's competi-tive position in these areas. He

DOT (the state's highway diversify the base of the state's department). We have not had economy.

The discussion of the state's has, for example, phased out the advance payment of corporate taxes and lowered both corporate and bloated assets to offer industrialists, tax rates to levels that approxi-mate the U.S. average. A major highway reconstruction pro-gramme is underway.

Pennsylvania is one of the largest states in the union, both in terms of its 12m population and its geographical size. In fact, however, it is probably helpful to think of it as three mini states, each separated from the others to a surprising extent

The eastern part of the state, centred on Philadelphia, is part of the dynamic Boston-Washington corridor along the Atlantic in light and service industries and international trade. The west end of the state, beyond the Allegheny moun-

tains, is part of the Midwest with Pittsburgh the country's In between is a calm, pros-perous, largely agricultural area supported by considerable

Both central and Pennsylvania have pockets of declining heavy industry, but their economies tend to be fairly diversified and so they have been able to cope with the slump in coal and steel. In the Lehigh Valley, for example, Bethlehem Steel was the origi-mal industry and main employer for nearly a century. Bethlehem's employment has tumbled from 18,000 to 6,000 in the past decade but the overall mployment in the area is only 8 per cent.

Many other employers have grown up in the area to take its place, including Lehigh University, Bell and Howell, American Telephone and Telegraph and the industrial gases group, Air Products. Local civic and business leaders have worked hard to stimulate the

Western Pennsylvania, where unemployment is around 12 per cent, industry leaders recognise it will be some time before the situation improves. Pennsvivania at a

(current)

glance Population 11.7m Land area 44.888 sq miles State capital Gross state product \$149.9m (1983 Government budget (year to 30/6/86) \$16.5bn Labour force (1980) 5.4m Unemployment rate

ance high technology commercial development projects. It is also spending heavily on job retraining programmes.

The state's economy is already more diversified than myth would suggest. Of total GDP in 1983 of \$150bn, only 15 per cent came from durables manufacturing and 2 per cent from mining. Another tenth came from non-durable manufacturing, but over interesting recent developments was the attraction of a \$103m Defence Department software centre to Pktsburgh. Thornburgh says the growth of the state's electronics industry now matches that of Massachusetts and California.

8.3 per cent

Opposition to Thornburgh's initiatives have been generally muted in the past few years, but the old partisan fury occasionally erupts. Last month, when the Government sought approval for funds for infrastructure improvements around the planned software

**CONTINUED ON PAGE 2** 



Since 1979, Pennsylvania has reduced the state payroll by more than 11,000 positions. Cut unnecessary expenditures by more than \$300 million. Decreased the corporate net income tax by 10%. And increased the state funds available to business by 430%. All these initiatives have been undertaken because of a single, overriding belief

"Business creates opportunity.
For Pennsylvania business people.
And for Pennsylvania working
people as well.

"And one of the most important jobs of government is to create the kind of business climate where opportunity will flourish.

climate where opportunity will flourish.

"Cutting the cost of government is only one of the ways we've pursued this goal.

"Our Ben Franklin Partnership is one of the first programs of its kind in the nation—a partnership of government, universities and industry dedicated to accelerating the introduction of new products to the marketplace. This program aims not only to fund, but also foster the

spirit of innovation and entrepre-neurship that is the driving force

of Pennsylvania's new economy.

"Our appropriations for low-interest business loans have quadrupled to more than \$99 million in the last six years. These funds, along with our venture capital programs and a recent \$190 million bond issue, will help provide Pennsylvania businesses with the resources they need to expand and compete in increasingly aggressive world markets.

expand and compete in increasingly aggressive world markets.

"And perhaps no state offers business the combination of resources Pennsylvania does—resources such as one of the highest concentrations of engineers and skilled technicians in the nation. Four of the top 50 research universities.

One of the nation's largest programs for infra-structure investment. Extensive funding for job retraining through our own customized job training program and the federal Job Training Partnership Act. And the nation's first- and fifth-ranked cities in quality of life.

"No state government by itself can hope to change the course of the American economy.
"But whatever this state government can do to encourage a thriving business climate.

do to encourage a thriving business climate will be done.

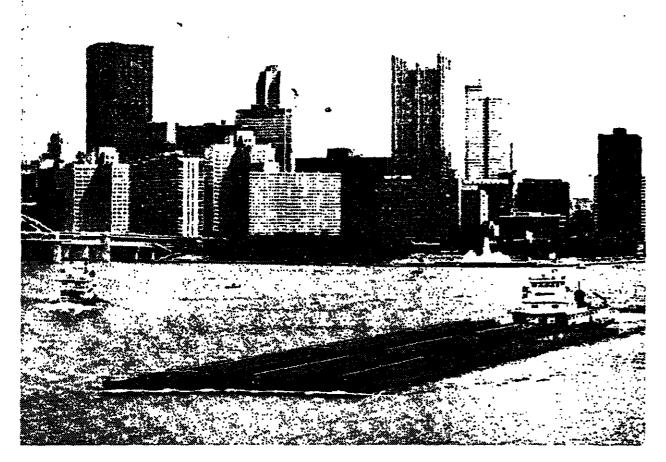
"Because the most important thing a government can manufacture for its citizens is the opportunity to succeed."

To find out more about business opportunities in Pennsylvania, write Paul Marttila, Director European Operations, 4 Carlton Gardens, London SW1, England, Telex 884267 MORLEB G, Phone 839-3074. Or Thomas Beyer, Director Frankfurt Operations, Parkstrasse 12, 6000 Frankfurt/Main 1, West Germany, Telex 4189876 AUPO D, Phone 590-365.

Dick Thornburgh, Governor

🖸 1985, Pennsylvania Department of Commerce

## POINT OF DEPARTURE



#### The Port of Pittsburgh: the busiest inland port in the United States. It all comes together here.

Transportation. The ability to move products and people between a company and its markets quickly and economically. Business depends on

As a city, Pittsburgh offers

major facilities in air, highway and rail transportation.
As a port, Pittsburgh offers even more. A Foreign Trade Zone. The 8,954-mile inland

waterway system. This

network of canalized rivers stretches through 24 states to New Orleans, providing water linkage to ports around the world

The Port of Pittsburgh, based at "The Point" in downtown Pittsburgh, is a great point of departure for a dynamic business community. Each year, well over 60 million tons of cargo are shipped on its waterways, more than

any other inland port in the country. And, its location makes it a great point for intermodal shipping, where barge, rail and truck combine to create the most costeffective transportation

But the Port offers more than transportation, it provides every resource you and your company need to grow and prosper...capital, infrastructure, energy, education, sports, culture. It's a place of business where the people live and work at a friendly

The Port of Pittsburgh will make a great starting point for your business. For more information about relocation or new business development,

write or call Marketing Co-ordinator, Port of Pittsburgh, Allegheny County Department of Development, 100 Fort Pitt Commons, 445 Fort Pitt Boulevard, Pittsburgh, PA 15219, (412) 355-5838 (5841).

A great starting point.



# The U.K.'s largest furniture retailer just chose Philadelphia.

Do they know When MFI Furniture something you should?

smart decision. Philadelphia. As have 60 other companies from the U.K. already doing business in Greater Philadelphia, in financial services and manufacturing as well as retail trade.

Centres Ltd. was seek-

locations in the United

States, they reached a

ing their initial store

It's a city where charm and pace are combined with a central and accessible location on the East Coast, strong market demographics, and exceptional values in commercial and residential real estate. Philadelphia has another advantage. PIDC, -- the Philadelphia Industrial Development Corporation.

Let PIDC pave the way for your company as we did for MFI, by providing one-stop information on economic statistics, the port, building requirements, and introductions to local businesses. Or assisting with long-term, low-interest loans and real estate tax abatements.

To tell you more about Philadelphia's opportunities and ad-

vantages, Mayor Goode and other city representatives will host a reception in London on October 11.

For more information about the reception or about what PIDC can do for you, contact us by phone or wire.

Then you'll know everything that MFI knows. And when it comes to Philadelphia, that's quite a lot.

#### The smart money's on Philadelphia



PIDC PHILADELPHIA INDUSTRIAL DEVELOPMENT CORPORATION 123 South Broad Street; 22nd floor G. CRAIG SCHELTER, Executive Vice President Phone 215/875-9910 Telex 6851271 QUICK-UW

## A city transformed

TRADITIONAL IMPRESSIONS of Pittsburgh—the sooty, squalid, crude steel handler to the nation—are hard to dispel.

But they are totally out of date. The city today is one of the most attractive in the U.S. and has just won a naional beauty contest—having been judged America's most liveable city-to prove it.

Patisburgh cannot compete with the outstanding settings of cities such as Cape Town, Rio or Vancouver, but the first sight of the city for most visitors—coming out of the Fort Pitt road tunnel on the ride in from the airport—is nevertheless a spectacular one.

Suddenly, one sees a tight cluster of gleaming skyscrapers, wedged in by the Allegheny and Monongahela rivers just as they join to form the Ohio. Night or day, it is a beautiful sight and it keeps its freshness and it keeps its freshness, whether seen from the top of one of the buildings or from the high bluffs over the Mon

as a prosperous city is due to more than the natural beauty of its location. The city could well have been another Buffalo or a Sheffield, unable to adjust to the eclipse of the industry which was its first stimulus. That it is not is little short of a miracle of community leadership.

There is no argument in Pittsburg about the responsi-Pittsburg about the responsibility for the city second and third winds. The Mellon family, which has a long history of bold industrial financing, brought in much of the diversity. It was the Mellons, for example, which backed Charles Hall in developing the electrolysis process for smelting aluminium in the late 19th century, and so Aluminum Co. of America (Alcoa) has its headquarters in Pittsburg.

Gulf Oil

Similarly, the Mellons sent some local oilmen out to Texas in 1901, resulting in the creation of Gulf Oil, a leading force not only in the oil industry but also on the Pitts-burgh local scene until its

takeover last year by Chevron. The Melions attracted and nurtured many other large companies and today Pittsburg is third in the U.S., after New Yofk and Chicago, for large company head offices. Among the better known ones are U.S. the better known ones are U.S. Steel, Westinghouse Electric, Rockwell International, the H. J. Heinz food group, PPG Industries (formerly Pittsburgh Plate Glass), Dravo, the engineering contractor, Allegheny International and Joy Manufacturing

facturing.
The city also has long had first-class cultural institutions, led by the Carnegie-Mellon University and the extra-ordinary Carnegie Institute, which operates a huge library, an orchestral hall, a distinguished fine art museum and a well-known natural history programme research

All this has meant that long before the steel industry went into decline, the Pittsburgh area had developed a fairly diversi-fied economy. That in turn meant it was able to cope reasonably well with the sharp drop in steel related employment that has taken place in the past few years. The area's unemployment rate today is about 11 per cent compared with a national average of 7.2 per cent.
Since much of the diversi-

was artificially im-

in Pittsburgh IAN RODGER planted, it could easily have gone elsewhere when times got tough. Pittsburgh's triumph has

been the creation of an environment in which international businesses and institutions

**Developments** 

remain content to live. Mr Tony O'Reilly, the Irish president of H. J. Heinz, says the company once polled its senior managers on this matter. "An overwhelming majority said they wanted to stay in Pittsburgh," he says. "It is like a global village here. We are a town of international traders." Pittsburgh's first conscious attempts to make itself attrac-tive go back to 1943. At the tive go back to 1943. At the time, the area was plagued with air and water pollution and the downtown area was decaying. The Wall Street Journal, in a survey of the post-war prospects of 137 U.S. cities, put Pittsburgh in its lowest classification.

rittsburgh in its lowest classification.

R. K. Mellon, then chairman of the bank, and David Lawrence, the mayor, decided to do something about it. They turned to advantage the most striking characteristic about striking characteristic about of Pittsburgh society—a lot of power was concentrated in very few hands—by creating a com-munity development body on which all the key industry leaders would sit.

In its first rush of activity in the late 1940s, the Allegheny Conference stimulated a major office building programme in downtown Pittsburgh, the enforcement of smoke and water pollution regulations and the

terested only in people with are impressive, both the Con-power. Family background is ference and the city's other unimportant. If you are the substantial public service orga-

**NOT-SO-FRIENDLY REACTION** of the campaign,

"YOU'VE GOT a friend in Pennsylvania"—the state's catchy and versatile promotional slogan, has been tak-ing a bit of beating from the

The "got" is redundant, one vigilant protector of the language complained last year, and others quickly agreed that this was just another example of sloppy copywriting by an advertising

A stung Governor Dick Thornburgh, who is very

research institutions, 77 manu-

facturers of medical instruments

and supplies, 31 makers of scientific instruments, 26 uni-

versities offering advanced degrees in medicine and biological sciences and 29 drug manufacturers, including SmithKline Beckman and Squibb.

Last year, Philadelphia was



chief executive of one of the nisation and charitable trusts city's big companies, you are automatically on the executive committee.

nisation and charitable trusts are under more pressure today than ever. The sudden collapse of the local steel industry at a

Amazement

That seems to have a remark-That seems to have a remarkable affect on some of the participants. Bob Dockey, chairman of Dravo, recalls the period
in the mid 1970s when Westinghouse was suing Gulf for vast
sums over fulf's alleged participation in a uranium cartel.
"We were amazed to watch
Jerry McAfee (then chairman
of Gulf) and Bib Kirby (then
chairman of Westinghouse) con-

construction of a system of chairman of Westinghouse) conflood control dams on the area's
rivers.

Later, it helped in pushing
through a sports stadium, urban
transportation systems and, cess has been the willingness
from 1977, a second major of civic and business adders to from 1977, a second major of civic and business leaders to office building programme. It has also become involved in social problems, such as jobs, housing and business finance for minorities.

Perhaps one reason the Allegheny Conference has been able to accomplish so much is that it has been unsentimental about membership. It is interested only in neonle with

replied that the precedents

for the redundant use of

"got" were well established.

To prove his point, he got up before a social gathering of state leaders last December and sang, "He's

December and sang, "He's got the whole world in his hands" and "I've got you

Apparently, he did not sing

the Rodgers & Hammerstein number, "You've got to be carefully taught."

under my skip."

longer recognise as their own.
The irony is that the city
now has difficulty attracting
new industrial investment and
jobs because of the high wage
rates won by steelworkers in
the past which set a stan-

time when governments have been cutting back on welfare programmes has caused consid-erable hardship and resentment in some parts of the community.

Mr Tony Bryan, chairman of Copperweid, and a member

the Conference executive com-mittee, says it is hardly surpris-

ing that steelworkers get up-set at being asked to accept wage cuts or redundancy when

they see others prospering in a downtown area which they no

ence. Although most of the industrial companies that dominate it are prospering, many their own problems in the past few years and they are an increasingly minor part of the area economy. National Intergroup no longer has any strel-works in the region, Gulf has little more than an office in the

Even the Melion presence seems to be receding, as the bank's directors become more interested in national and international finance and the family directs more of its charity on conservation, Meanwhile, service companies, such as U.S. Air, have become prominent and the University of Pittsburgh has become the area's largest employer.

## Centre for medical research

#### Philadelphia's expansion

IAN RODGER

PHILADELPHIA will be a great place when they finish it, as someone once said about another large U.S. city.

selected by the National Aero-nauties and Space Administra-tion (NASA) for one of two re-search centres for studying bio-processing and pharmaceuticals Indeed, the city of brotherly love, sleepy for so long, today seems to be one vast construction site, with major office tower, hotel and highway proprocessing and pharmaceuricals in micro-gravity environments. Philadelphia has also long been known for its distinguished universities, including the University of Pennysivania, Drexel, Bryn Mawr and Haverford. It was at the University of Pennsylvania that the fort digital ects underway everywhere.

However, there is one project that gets more publicity than all the rest, a \$600m downtown office complex that will break the nearly century-old tradition that no building in Philadelphia should be higher than the status should be higher than the statue of William Penn on top of City

The walving of that policyit was never actually written into the city bylaw — was approved last year by a newly elected Mayor, W. Wilson Goode, The gesture was meant to show that Philadelphia was shaking off its image of being dominated by its history.

snarmg on its image of being dominated by its history.

To a considerable extent, that was so longer necessary. The city, America's fourth largest, shows signs of being one of the most dynamic in the

known as a medical centre, with 137 hospitals in the region. In recent years, it has capi-talised on this base to become a world leader in medical science and related manufac-According to one recent

Philadelphia has long been

in office (Pennsylvania governors are not allowed to institute, the opposition accused it of wanting to build a parking lot for its friends. A more substantial battle is

in the making over the Govern-ment's desire to privatise the liquor distribution industry. The state owned Liquor Control Board, which monopolises liquor distribution, is a chronic source of corruption and ties up an estimated \$200m of public Thornburgh, MOT

Jersey is attracting a concentration of computer service and other high technology elec-tronics companies. At last count, there were more than 800 such companies in the area, which is beginning to be comparable with Boston's highway 128 area, and high tech em-ployment has reached 110,000.

Ployment has reached 110,000.

Philadelphia is also a major financial centre, with Girard, First Pennsylvania, Philadelphia National and Provident National among the feading banks and Cigna, Fidelcor and Penn Mutual among the insurance companies. Venture capital firms with total assets approaching \$200m are based in aproaching \$200m are based in the city.

The city's potential is being helped by a massive effort to improve infrastructure, in-

count, the area has 60 medical dor on the outskirts of Phila- cluding work on the commuter delphia, stretching up to rail system, the highway net-Princeton in neighbouring New work and the port. Much of Jersey is attracting a concen-tration of computer service and renovated in the past decade to handle container and roll-on, roll-off traffic, and two years ago, the state government and Conrail, the national freight railway, spent \$25m to modernise the port's coal terminal.

The city remains a very attractive one to live in, as was recognised in a recent survey placing it among the most liveable U.S. cities. The crime rate is 10th among the ten largest office in the country and living cities in the country and living costs are comparatively low. Philadelphia is also a cultural

treasure chest. In addition to its historical monuments, it counts the University Museum, the Museum of Art and Barnes Foundation and the Philadelphia among its prime

## Rebirth of the keystone state

CONTINUED FROM PAGE 1

sylvania that the first digital computer, the ENIAC, was built in 1946.

Today, the highway 202 corri-

end of next year? His administration, with its drive to lower taxes, trim government spending and improve services,

clearly "a lame duck" governor to predict how long that mood with litle more than a year left will last.

Observers say that Thorn-burgh's Lieutenant Governor, William Scranton, the son of a may not be able to muster the support necessary to overcome entrenched interests in this area.

The big question in Pennsylvania today is what will happen when Thornburgh leaves at the end of next year? His administrative.

Even if the Democrats did re-turn to power Thomburgh doubts that many of the reforms would be unravelled.
"The fact that so many

has clearly responded to the things have been done visibly prevailing public mood in the makes it hard for them to be early 1980s, but it is difficult undone," he says.

# Policy changes make significant impact

#### Industrial development

IAN RODGER

PENNSYLVANIA has been an important innovator in the field of industrial development in the past few years, trying to develop a coherent strategy to reverse the state's relative

Most states—and countries, for that matter—have long been interested in industrial development and have applied various policies—soft loans, tax holidays, grants, and so on—to attract factories to their jurisdictions.

dictions.

Until six years ago, Pennsylvania was just one of many that did this sort of thing, and if there was any focus in its policy, it was to entice large, heavy manufacturing projects to the state to complement the existing heavy industry. The

to the state to complement the existing heavy industry. The landing of the Volkswagen plant in 1978 was the last major example of this.

However, even before the Volkswagen venture ran into trouble (see separate article), it was becoming apparent to planners that this "smokestack chasing" policy was not my chasing " policy was not pro-ducing the desired results.

not growing as rapidly as that of other states, particularly the southern sunbelt states, and the job creation rates were lagging dangerously. The traditional heavy industries on which the state relied so heavily were under increasing pressure from more efficient foreign competitions. In the 1000 Personal relief. tors. In the 1970s, Pennsylvania lost more than 200,000 manufac-turing jobs and it became increasingly obvious that they were not going to come back.

This sort of situation is great grist for opposition politicians who can always think of instant solutions for the state's prob-lems. The Republicans, who were in opposition until 1979, had their ideas, but when Goverror Dick Thornburgh came to power, he took the highly un-

As a result of the studies.



President Ronald Reagan offers encouragement to an unemployed school teacher who is learning new skills at a centre in Pittsburgh. Right: Claes Oldenburg's sculpture, "Clothespin," near Philadelphia's City Hall, which is topped by a statue of Villiam Penn. Traditionally no other building in the city was built higher than City Hall, but that record is shortly to be broken by a new office development

spending most of its efforts on The planners were impressed novative initiative for industrial the steel and engineering indusering big new industrial in with various studies that development is the so-called tries and specialises in projects vestments. Pennsylvania now indicated that most of the jobs Bem Franklin Partnership proconcentrates first and foremost created in the U.S. in the past gramme. concentrates first and foremost created in the U.S. in the past on improving the climate for several years came from small on, improving the climate for existing industries in the hope that they will stay end expand in the state. on improving the climate for existing industries in the hope that they will stay and expand in the state.

They, after all, are the organisations that provide all the of the sun belt states and the existing jobs and that have a rust belt states was not so much natural bias in favour of their due to plant closures as to the home. To try and make them happier, the Thornburgh administration has cut taxes, eesed

Like many states, Pennsyl-regulatory requirements and make them happier the Thornburgh administration has cut taxes, eesed

regulatory requirements and began improving the state's dispidated infrestructure. It has even passed a special tax credit to encourage investment in the state's battered steel industry, showing that it is still interested in heavy industries.

**Improvements** 

The changes have already had power, he took the highly unusual step of launching a two and a half year study of the problem by the state's planning board.

The trianges in set are all the trianges in the trianges in the problem in the trianges in the trianges in the trianges in the problem as significant in pact. A number of companies that were presented in the problem by the state's planning states where taxes were lower board. "We took a considerable have shown new interest in the smount of criticism for not succumbing to pressures for action." Mr Thornburgh says, "but we felt we were at a cross-roads."

ama mus general crimate better have shown new interest in the state. Mr Dick Zimmerman, chairman of Hershey Foods, says the company went to neighborhoods." three years ago, but now it is adding capacity in Pennsyl-

vania again.
The second priority has been

Decline of the

steel sector

IAN RODGER

petitive disadvantage that most

of Pennsylvania has acquired insofar as volume steelmaking is concerned. The trend

throughout the world is to make steel on coastal sites so that the cheapest coal and iron ore

Similarly, the output from coastal plants—which in the U.S. means the shores of the

Great Lakes - can often be shipped by water to major

Much of Pennsylvania is served by large water transport systems, including the Delaware

River in the east and the Ohio River in the west, and it has a small exposure to the shore of

Lake Erie where, indeed, a modern steelworks is located.

from the simple fact that it has

been established so long in the state. Much of the plant was old and uncompetitive, and long-established restrictive working practices in both the industry itself and those industries that serve it, such as coal and rail, have been hard to break.

ment to stop the flow of subsi-dised imports into the country.

have been hard to break.

But the industry also suffers

can be brought in by ship.

many areas for new companies to get started. It also actively encourages foreign companies of all sizes to establish in the record, especially with British

The state has logged a total of 141 British companies that have investments in the state. Some, such as the cost industry machinery makers are long established but a considerable manual four groups of universities as advanced technology member, including Cadbury-Schweppes, Davy, Northern Foods and TI, have made significant investments in the past few years, either through acquisition or plant construc-

pany ourns.

Like many states, Pennsylvania happen in Pennsylvania.

The idea behind the productivity and adaptability and medical biotechnology.

The idea behind the productivity and adaptability and medical biotechnology.

The other centres are in presearch and development sensor technologies, space productivity and adaptability and medical biotechnology.

The other centres are in pritisburgh, built around the use reation of "incubator" units in many areas for new companies neurs and established com-

> It was expected that many of the entrepreneurs would be university professors or re-searchers that saw commercial potential for some of their idees. And that has turned out to be the case.

The state government desig-

the northeast part of the state, based at Lehigh University in Bethlehem, takes advantage of But Pennsylvania's most in the university's long links with

gramme materials, biotechnology
Like every state. Pennsyl- solid state microelectronics vania has looked on with envy at the mushrooming of high technology industries in Silicon Valley in California and along highway 128 outside of Boston. The Ben Franklin Partnership was designed to try and make something similar happen in Pennsylvania.

The idea habited the pro-

> Pittsburgh, built around the University of Pittsburgh and Carnegie-Mellon University, and at Pennsylvania State University in the centre of the state.

The centres, financed by the state government, offer to pay up to half the costs of acceptable projects advanced by entrepreneurs. In the event, the programme has attracted far more private capital than expected. In the year to June 30 1984, the government's \$10m injection was marched by \$28m of private sector funds and in the current year, the government's \$10m has attracted \$250m in \$18m has attracted \$55m in private money.

ing or preserving a total of

Among the more impressive developments has been the con-struction in the Lehigh Valley by Xebec, a California computer equipment supplier, of a \$7m plant. Other established companies in the area, including IBM, American Telephone & Telegraph and Bell and Howell have used the programme for certain projects.

Some people worry that the thrust of the Ben Franklin Partrerships and other program are like it that are now springing up elsewhere in the U.S. will make universities focus more on short-term development are the three three contents are the co

Dr Peter Likens, president of Lehigh, points out that the size of the Ben Franklin programme is still tiny compared with the amount of research support

universities get from the federal government.

However, he says the federal government too is getting interested in seeing its money used for economic development and has shown some enthusiasm for the concept of matching grants from the private sector.

The Ben Franklin Partner-ship will undoubtedly go on growing, and it is clear that the government sees it playing a major role in the transforma-tion of the economic structure

of the state.
Governor Thornburgh says one of the problems with smokestack chasing is that it is a zero sum game because one a zero sum game because une state's gain is another's loss. In hi-tech, he argues, "individual state efforts are much more likely to make all states winners."

However, the state is not just

However, the state is not just interested in high technology industries. Tourism has become the state's second most important industry after agriculture, helped by the considerable areas of wilderness that remain and the large number of famous historic attractions, such as Philadelphia's Independence Hall, Valley Forge and Gettys-burg. The Government is spending heavily on tourist promo tion, encouraging Americans and Canadians to make the state a destination rather than just a stop on the way to some where else.

It is also still interested in heavy manufacturing. Officials have been working hard to attract to the state General Motors' huge Saturn project to build small cars at costs competitive with the Japanese. GM is expected to make a decision By the end of last year, it is expected to make a decision had helped 124 firms to get on the plant's location next started and another 89 to month.

# It locks them all together.

Pennsylvania's designation as the Keystone State derived from its strategic geographic location in the original union of the states. it was called that, also, because it resem-bles a keystone, the central, wedge-shaped stone in an arch that locks all the others

stone in an arch that locks all the others together.

The state's location is still important, stretching 300 miles from the East Coast to the Midwest. The geography is diverserich farmlands, great forests, mountains, and three major river systems.

Equally diverse is Pennsylvania's economic base. It is a leading agricultural state, with six million acres of land used for crops and pasture, it is the fourth largest industrial state. Its coal reserves are enormous and the oil produced here is of the highest quality.

The vitality of the state makes it the keystone in the continued growth and prosperity of the U.S.

H.J. Heinz, who in 1869 founded our company in western Pennsylvania, was very much aware of the state's role as a keystone in the economy. One of the plants in Pittsburgh was called the Keystone Pickie & Vinegar Works. A quality line of products was known as the Keystone Brand. The keystone became an integral part of the Heinz label identification and today is used extensively throughout the world on the many hundreds of our products. In a way, it locks them all together.

H.L.Heinz Company world locations and their headquarters:

H.L.Heinz Company world locations and their headquarters:
World Headquarters, Pennsylvania, USA; Heinz U.S.A. Division, Pennsylvania, USA; Star-Kist Foods, Inc., California, USA; Star-Kist Caribe, Inc., Puerto Rico; Star-Kist Samoa, Inc., American Samoe; Star-Kist International S.A., Panama; Star-Kist Canada, Inc., Canada; Ets. Paul Paulet, France; Ore-ida Poods, Inc., Idaho, USA; Foodways National, Inc., idaho, USA; Gagliardi Bros. Inc., Idaho, USA; The Hublinger Company, Iowa, USA; Weight Watchers International, Inc., New York, USA; H.J. Heinz Company Australia Ltd., Australia; The Stanley Wine Company Pty. Ltd., Australia; Epicurean Foods and Beverages Pty. Ltd., Australia; H.J. Heinz Company of Canada Ltd., Canada; Galeo Food Products Ltd., Canada; Ltdin American Area Office, Mexico; Caribbean Restaurants, Inc., Puerto Rico; Alirpentos Heinz C.A., Venezuels; Heinz Japan Ltd., Japan; H.J. Heinz Company Ltd., England; W. Darlington and Sons Ltd., England; Country Kitchen Foods Ltd., England; C H.J.Heinz Company world locations and their

Heinz

## Victim of circumstances

STEEL and Pennsylvania have long been synonymous in most people's minds. And with reason. It was in Pennsylvania that the great industrial barons of the 19th century, Andrew Carnegie, J. P. Morgan and others, built their steel and rail based empires, taking advantage of

the state's coal and mineral resources. Until the 1980s, Pennsylvania was still the largest steel producing state in the union, accounting for over a quarter of national output. And Pittsburgh was the industry's confident capital, housing the headquarters of U.S. Steel, the traditional industry leader, National Steel, Wheeling-Pittsburgh and several other minor pro-

But today, Pennsylvania's steel industry is largely derelict, the victim of a combination of circumstances that have made many of its works uncompetitive and forced several closures and even bankruptcles. Last month, Wheeling-Pitusburgh, the seventh largest producer in the U.S., filed for protection from

its creditors under Chapter 11 of the U.S. Bankruptcy Code following massive losses. The seemingly endless line of closed steel mills and of closed steel mills and shattered communities up the Monongahela River from Pittsburgh has to be seen to be relieved. Gone is Jones and Laughlin's big Aliquippa works (3.5m tons) and major retionalisation has taken place at U.S. Steel's several works along the

Iron and steel making came to an end last summer at the Duquesne plant and the Edgar Thomson iron and steel works now produces steel for the Homestead structural steel mills and levin not strip mill. The steel industry now supplies only about 5 per cent of the jobs in the Pittsburgh area compared with 18 per cent in 1955.

#### Job losses

Meanwhile, in the eastern part of the state, Bethlehem Steel, based in the Lehigh Valley, has cut its 18,000 workforce by about two-thirds in the past decade, and made more modest contractions at its modest confunctions at 115 plants in Johnstown and Steekton. U.S. Steel's Fairless works on the outskirts of Philadelphia, having failed to secure a lifesaving injection of competitive semi-fanished steel from the British Steel Corporation to present ander threat. Its tion, is now under threat. Its cohe plant was closed down last June, and more bad news is

The result of these and other contractions is that Pennsylvania is now only third among U.S. steel producing states, with less than 15 per cent of national output, far behind Indiana and

This shift reflects in part a significant and inherent com-



State Government recognises that the sector is still important and is encouraging a combination of investment in new plant and higher value products. Below: an operative at a vehicle construction plant welds sheet metal into sub-assemblies. Pennsylvania is actively encouraging more foreign companies to set up manufacturing plants in the state



practices. And both are hap-pening. The relative success of Weirton Steel, sold to its employees 18 months ago by National Steel, indicates one

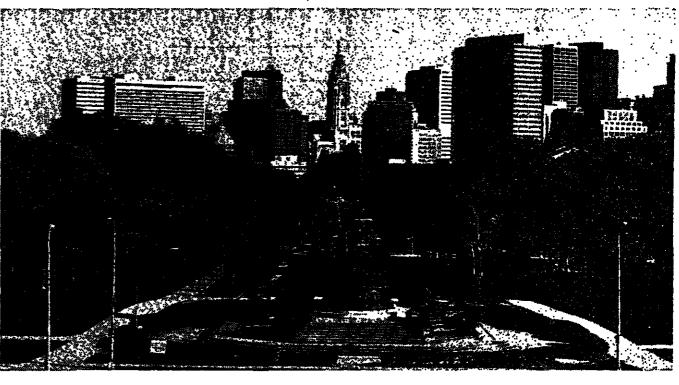
In any event, in the past 20 years, the Pennsylvania-based steelmakers have joined their competitors in building big new plants on the shores of Lake, Michigan, Lake Huron and Lake The company, whose works is located a few miles down the Erle while spending less on their Pennsylvania plants. Ohio River from Pittsburgh, has just reported its fifth successive profitable quarter. It has benefited from a reduction of For all the decline, steel is still important to Pennsylvania, debt charges resulting from some soft terms offered by National on the sale and from significant workforce and wage reductions agreed without inand both the industry leaders and the state Government are anxious to keep it that way. "We will always be among the leaders in iron, steel, coal

and heavy manufacturing."
Governor Dick Thornburgh
says, and points to the state's
support for the steel industry's
pressure on the federal government to gran the flow of substi-Earlier this month, five major producers decided to disband their co-ordinating committee on wage negotiations with the United Steelworkers union. The five—U.S. Steel, Bethlehem, LTV Steel, Armoo and Inland The salvation of Pennsylvania's steel industry lies in a -believe they, like some of their competitors, can win more combination of investment in new plant and higher value proconcessions from the USW

Wage bargaining is also a major issue in the Wheeling-Pittsburgh bankruptcy, and most industry observers believe the company will return to normal trading once a new pact can be worked out with the USW. The company has invested heavily in modern plant, especially on its hot strip mill near Pittsburgh and should be highly competi-

Other companies too are investing in new plant, such as Bethlehem's \$50m programm'e to upgrade its structural steel mill at the Bethlehem plant and an fil8m project for making long rails at Steelton.

Pennsylvania is also the home of many leading companies in the special steel sectors, such as Allegheny Ludium, Car Tech, Cyclops, and others. They are less sensitive to shipping costs than the hig volume carbon steel producers and so should remain in the state, as long as the



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1984

on egale

10.3

16.50

17.85

15.13

15.05

16.2

**Y1.32** 

14.67

9.40

1.51

1,5

1.9

5.2

3.6

6.4

2.03

1984

0.57

1.07

6.77

0.58

1.12

9.79

8.93

158.5

143.2

42.4

41.3

13.4

Diversified financial services organisation, operating nation's largest savings bank

Bank holding companies; earnings

14869.8

12723.1

5975.0

1945.5

A wave of banking mergers follows new state legislation and the general process of deregulation

## Banking sector faces massive changes

**Financial** 

services

PAUL TAYLOR

Mellon Corporation, Provident

with National Central Financia

to form the Philadelphia-based

CoreStates Financial group.
The performance, and the

THE PENNSYLVANIA banking industry is in the midst of period of massive structural adjustment and ferment spurred by changes in state banking legislation and by the wider process of deregulation which is sweeping through the U.S. financial services industry.

In Pennsylvania's twin banking centres of Pittsburgh and Philiadelphia, these changes are throwing up new opportunities and, in some cases, dangers for the state's diverse financial institutions which include a major money centre banking group, the nation's largest savings bank outside California and the country's oldest commercial

Over the past two years a wave of mergers resulting from changes in state legislation which, beginning in 1982, allowed bank holding companies to own more than one bank, has reshaped the industry.

This process has already resulted in four major intra-state mergers and a host of smaller combination with the prospect of another round when state restrictions on bank ownership are further eased next year. Between the lifting of the original ban on multibank holding companies and July last year some two dozen mergers were consummated.

Three of the four major mergers involved the acquisition of Philadelphia-based bank-ing groups by other Pennsylvania-based groups. Girard Bank was acquired by financial institutions position themselves not only to compete with a broad array of products in the highly com-petitive local market — but, when legislation permits, across

Mellon, the nation's 12th largest banking group, with over \$30bn in assets, has inevitably led the way. The Pittsburgh based group has set its sights on becoming one of the most profitable, as well as largest, groups in the nation expanding wherever banking

Although Mellon lost out in a bid battle for Heritable Bancorp in neighbouring New Jersey in December, its strategy is clearly built upon an aggressive acquisition programme. But this growth has come at a cost.

Last year Mellon's net income fell by 13.3 per cent depressed by the costs of consolidating earlier acquisitions, bolstering loan loss reserves and building a new 54-storey granite head-

from the former Girard Bank. now renamed Mellon East, while strategies, of these new banking groups has varied dramatically

First Pennsylvania 30.1 Continental Bancorp 4159.9 38.6 Eoulmark 2593.8 17.6 Dauphin Deposit 2295.1 28.6

for the expected further erosion of federal interstate banking barriers—has allenated some local customers. In Pittsburgh, unemployed

IVB Financial

Corestates Financial

Mellon

steelworkers have staged-demonstrations and poured skunk oil in the doorways of Mellon branches charging the group with abandoning steel city. Mellon chief executive and recently appointed chairman David Barnes, brushes aside such criticisms and views the lower 1984 earnings as a temporary aberration—a reflection of the costs associated with the bank's longer term goals.

delphia-based diversified financial services group which owns the biggest savings bank outside of California and a

plans to set up a string of 16 mortgage banking network, is limited service consumer banks also pursuing an active inter-across the U.S. in preparation state acquisition strategy.

1984 net % change 1985 net % change income on year income on year

184

26.7

11.7

10.1

5.8

42

5.6

3.5

+ 22

+174.4

– ii

+ 28

+ 28

+ 28

+ 23.3

+ 13.9

N.X

Last month, PSFS, a former mutual savings bank which converted to stock ownership in 1983, received approval to acquire a thriving Florida-based savings and loan association in return for taking on three saling thrifts in Florida, Washington DC and North Virginia. The new acquisitions will bolster PSFS's already states and personal finance strengthen our banking services offices in 15 states—built up to individuals and businesses, through earlier acquisitions— and we expect to expand into and provide an ability to tap new and natural markets by out of state savings deposits for acquisition."

sell its mortgage benking and servicing units to General Motors Acceptance Corporation for \$190m but the banking group made at clear that the deal was part of a wider strategy.

Figures for 1984 in \$m 1984

0.29

1.72

1.34

1.85

1.22

1.68

1,23

2.18

1.17

103.7

30.7

81.7

46.8

43.3

61.1

32.1

29.6

16.5

11.9

14.0

+41

-35.4

+172

+20.2

-15.4

÷35

+10.8

+ 7.3

+11.8

+ 3.9

"We believe we will have exceptional opportunities over the next couple of years to deploy capital profitably, says Mr G. Morris Dorrance, CoreStates financial chairman. impressive collection of "We intend to make signifi-mortgage banking offices in 12 cant capital investments to

the first time.

Similarly both PNC Financial announced the planned acquiand CoreStates Financial have sition of a fifth bank when been actively strengthening state law permits next March their Pennsylvania base while and has committed sixelf to positioning themselves for expanding outside Pennsylvanians. further expansion in the region, vania to other neighbouring

CoreStates recently agreed to states when the opportunity

Both PNC and CoreStates Financial were ranked among the top five U.S. banking groups in terms of composite perform-ance in Salomon Brothers' annual review, earlier this month. But if Wall Street had an

award for comorate turnaround

1984

103.7

53.0

170,4

97.7

1224

27.4

17.9

29.4

12.6

Bank, First Pennsylvania, the oldest bank in the nation, would be a prime candidate, after being bailed out with a \$1.50n Government - backed rescue package in 1980 made necessary by a wrong bet on the direction of interest rates and an accumulated massive pomfolio of bad loans. First Pennsylvania has staged a

remarkable recovery. Last year, after paying all its debts assumed as part of the rescue package, the banking group emerged back into the black for the first time since 1979 with a \$30m profit.

Earlier this month, the banking group led away from the George Butler and chief finan-cial officer, John Brine, completed its re-emergence from the bank "sick ward" by announcing an agreement to repurchase 5.5m stock warrants held by the Federal Deposit Insurance

But even as First Pennsylvania has been recovering another Pennsylvania banking group, Equimark, has ben teetering on the edge of collapse. Last year, the Pittsburgh-based banking group last \$31.6m and has been desperately seekgroup lift its primary capital banking industry's development.

ratios from around 2.2 per cent to the 5.5 per cent minimum.

Primary capital

6.92

5.93

7.2

7.67

6.99

6.93

No of

213

93

131

101

149

88

165

78

70

75

But the bank, under its new chairman, Mr James Lowry, does appear to be making progress. In the first quarter it eked out a modest \$1.3m profit by making inroads into collecting on problem loans and last month the bank amounced a major restructuring of its branch operations involving the sale of 23 of its 78 branches for \$32m-shrinking its Pittsburgh base — while acquiring a small number of branches in the Philadelphia market.

Some of Equimark's problems stem from its earlier decision to move away from its roots as small business and consumer dender—a temptation faced by other banking groups in an increasingly deregulated and competitive environment.

Big challenge

The next major challenge facing the Pennsylvania banks wil probably be their response to the real prospect of regional interstate banking in the mid-eastern state. The Pennsylvania Legislature will shortly consider hills authorising recip rocal interstate banking with neighbouring states.

In the meantime, led by Maryland, Delaware, Virginia, West Virginia and Washington DC, plans are already going ahead for an embryonic regional pact which would be extended to Pennsylvania in July 1987.

Assuming this, or that some form of federal sauctioned interstate geographic deregulation comes into force, the Pennsyl-vania banks, with their strong

#### National merged with Pitts-burgh National to form PNC Financial, and Central Penn National Bank was acquired by American Bancorp to form Meridian Bancorp. The fourth merger brought together Philadelphia National

quarters building. Mellon has also suffered from the banking group's broadened outside of California and a horizons—exemplified by its nationwide consumer credit and

AFTER SETBACKS, VOLKSWAGEN ENDS RUMOURS WITH ANOTHER \$200M INVESTMENT

## New Stanton car plant still has strategic role

JAMES W. McLERNON, a large by the "transfer fee"—although phlegmatic individual, wept he is reputed to have been quietly as the first Volkswagen given a five-year contract worth car rolled off the brand new no less than \$2bn but by the German group's plant in New into operation in only 18 Stanton, 35 miles south-east of months—something and 18 Pittsburgh.

Only 18 months before, and at the age of 52, he had left the security of General Motors, where he had spent 28 years of his working life, to become president and chief executive of

No one can take that achievement away from him. He was not to know then that the ficklewhere he had spent 28 years of the carbuying public trouble.

In working life, to become ness of the carbuying public trouble.

In working life, to become ness of the carbuying public trouble.

In working life, to become ness of the carbuying public trouble.

In working life, to become in marcial in the state itself.

Now VW had completed the projects in the State itself.

The inducements offered to plant, put up an office block. The inducements offered to project to the project of the project of

victims of the vagaries of the American car market

McLernon was overcome with emotion on that day, April 10, 1978, because he had completed an industry "first." And it was a great day for Pennsylvania, too. The New Stanton facility had been started by Christier had been started by Chrysler but abandoned, before half-way construction, as that U.S. company ran into deep financial

being created indirectly.

to which value was added, else-

rbere. This was a step towards hav-

people applied. There was also vania completed a highway to pared to more conservative the hope of 10,000 to 15,000 jobs the plant; a dual-rail spur was European demands. being created indirectly.

By 1979 already half the com-Just as important from paid for by a surcharge on every Pennsylvania's point of view was the fact that the VW project gave the state a chance to begin shuffling off its image as a supplier of basic materials, provided by two local pennsylvania pension funds.

VW was in a hurry because

VW car sales in the U.S. death reached 569,000 in both 1968 In t and 1970 and the company was chasing a 5 per cent market share. By 1976 sales had plumetted to 201,670, partly because the old Beetle had gone out of favour with Americans, but mainly because VW's prices had risen much faster than average of the think of the content of the c age as it attempted to alleviate some of the damage to profit done by a fast-appreciating D-mark. In 1970 there were DM 3.60 to the dollar. By the time the VW plant came on stream, the rate was only DM 2.0.

And this was at a time when the Japanese were rapidly building up sales of small cars at knock-down prices in the

radically reduce VW's exposure to the D Mark's appreciation—although not entirely because some components would still be schipped from Germany—
Schmuecker told the German
unions. If VW was to get back
to a 5 per cent market share
in the U.S., assembly there was ssential, he said.

It would also relieve VW from protectionist worries and from anti-dumping complaints of the kind it had to face in 1975. VW raised \$20m through

Europond issues towards the \$450m cost of the New Stanton facility. McLernon and his team quickly cranked up output to 200,000 a year, full-capacity

Components

When I first met him a year after New Stanton had come on tream, McLernon, who had for stream, McLernon, who had for his past seven years with GM been general manufacturing manager for the Chevrolet divi-sion. (which had 75,000 employees and 26 plants), he dismissed the labour relations problems which were a well-publicised feature of the plant's early days. early days.

"They were not the major problems," he said. "They were unfortunate, in that they could have been avoided. There was kdown in communication. We have an excellent workorce."
Then he added: "The major

problems we had related mainly to developing North American component sources to meet our quality standards. Sometimes re felt these were insurmount-

able."
Renault, too, was later to find that, whereas U.S. suppliers can produce high-quality, inexpensive components for large cars, they have extreme difficul-ties with components for small

whicles.

But McLernon was determined he said to "Americanise" the VR Rabbit, the carproduced at New Stauton (known as the Golf in Europe).

Market research told him that US extensors wanted for U.S. customers wanted for example, softer seats, a wider range of colour schemes, com-

By 1979 already half the components for the car were being sourced in North America. "Our objective is to be fully sourced from North America rates, provided by two local except for engines and transmis-Pennsylvania pension funds. sions — and eventually even those," he declared.

whole project had been put on lie maker ing shown in group in to achieve its 5 per cent market order to meet a mid-year dead-to-achieve its 6 per cent market order to meet a mid-year dead-to-achieve its 6 per cent market order to meet a mid-year dead-to-achieve its 6 per cent market order to meet a mid-year dead-to-achieve its 6 per cent market order to meet a mid-year dead-to-achieve its 6 per cent market order to meet a mid-year dead-to-achieve its 6 per cent market order to meet a mid-year dead-to-achieve its 6 per cent marke Leiding resigned in 1974. His work stopped before completion successor. Toni Schmuecker, exford ex-Rheinstahl steel, could not fault the logic, however.

In the meantime, VW's dream furned to nightmare. The re-search had given a good indica-tion of what Americans demanded from a car. But when VW gave it to them, customers changed their minds. What they really wanted they decided, was a VW car that performed and felt like a vehicle imported from Germany.

Price slump

VW's difficulties were com-pounded by the steep decline in demand for diesel cars as petrol prices slumped in the States. About half the New States. About half the New Stanton output was to be dieselpowered. Then there was the 
steady flow of inexpensive, 
attractive, front-wheel-drive 
models from the Japanese in 
particular which increased the 
competition and left the VW 
Ratibit kooking less distinctive 
than in its early days.

VW's U.S. sales fell 200,000 a year or 3 per cent of the market at the beginning of the 1980s, McLernon left the company to become a successful. Detroit-based consultant and was replaced by Noel Phil-lips, moved from VW's subsidi-ary in South Africa.

Employment at New Stanton actually rose above the promised 5,000 and reached 5,500 at one stage. Now it stands at 3,000. The hoped-for component "satellite" operations were few and far between: a company and far netween: a company which produces floor coverings and headlining for the cars sprang up in Pennsylvania, as did a plastic, concern, and one which manufactures seeks for which manufactures seals for car doors and windows, not only for VW but for GM as well, But the Pennsylvanians still love VW. Jay Aldrich of Penn's Southwest, the job-atraction organisation fe job-atraction private corporations, says: "The local people are sympathetic about VW's difficulties, and supportive."

supportive."

VW put an end to persistent rumours that it wanted to sell New Stanton when it went shead last year with another \$200m of investment (including the installation of 66 robots) so the facility could make the new Golf

-which is now called Golf, not Rabbit, in the States, And Dr Carl Hahn, now chairman of VW, made it clear again recently that New Stanton plays an important role in his com-pany's strategy.

He told me: "We have restricted the U.S. operations in a way that enables us to main-tain the 'assurance' element and also to take advantage of the high value of the dollar, with all the necessary flexibil-ity. That gives us the best of both workls. We have a good, one-shift operation at Westmore-land (New Stanton) right now and can live with that, "With the dollar where it is.

it would be foolish to go beyond Kenneth Gooding

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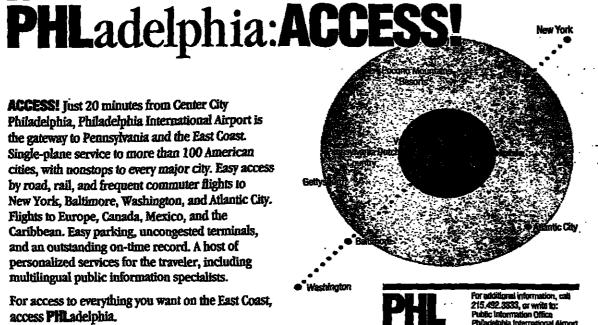
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#### THE ARTS

#### Television/Christopher Dunkley

## Drama series dished out in dollops

Television may not be expandquality very much at present, or an increase in total output, or, as seems likely, both—the unless you count as an expantime when a weekly column sion the tendency to produce such as this could consider ever more low-brow material major new series at just three perhaps you should, however now passed. In the last couple little it may affect the more dis.

criminating viewer). There does, however, appear to be a definite increase in sheer bulk. This is manifest not only in the steady spread of general interest material into daytime bours previously filled by edu-cational or other specialised programmes, but by the launch-ing of new series at virtually all times of the year.

**19** 

Samuel M. Comment of Tolonical

manufacture of the second of t

Distriction of

True, the start of the spring and autumn seasons are still the favourite times to begin major prestige series. Moreover the new habit of launching series at other times occurs partly as a result of a change in scheduling techniques. Once upon a time a series such as the Australian drama Bodyline (about the notorious English Test attack on the Australians in 1932-33) which started on BBC2 on Monday would have lasted on Monday would have lasted through an entire season, spread out in 10 weekly episodes of 45 minutes.

BBC-2 Controller Graeme McDonald has opted instead for the modern system of "stripping" the production series Octopus, Murder She across five successive nights, in Wrote, and Connie, and tonight great dollops of 90 minutes, a will launch Bulman. They have practice which many viewers appear to prefer. Certainly it seems to achieve better ratings. Another of this week's new series, Jenny's War, which stanted on ITV on Monday, looks like an ideal candidate for a separate column soon, but it stripping but is actually being in high time for a count about stripping but is actually being is high time for a word about shown in four one-hour episodes those other new series before on successive Mondays. However thepoint is that neither Exemplifying the increasingly series will be contributing to the sort of slow seasonal turn-over which was until quite recently the rule in television.

Whatever the ing either its range or its different scheduling techniques (and in a true mass medium or four points in the year has alone has launched the drama

Murder She Wrote from the in a bar in the first part of familiar that unless you are—U.S. and Connie from the UK. Octopus is anything but con- for reasons best known to your-Each is an entirely conventional incidence. The great virtue of



Farmwork romanticised: from Channel 4's new documentary series,

Exemplifying the increasingly international nature of television, the three drama series come from three different countries: Octopus from Italy,

Primarily a story about the in which some eccentric old Mafia and drugs in Sicily, it biddy (more often than not a gains substantially from having been shot on location and from this instance) who is forever a sub-plot concerning the marriage of the central character. Cattani, which is, for once, wholly credible.

I first saw Octopus during the Prix Italia festival in Trieste where it was shown by chance, shortly after a chilling documentary about the Mafa. The detailed similarity between the murder of a young policemen that this instance) who is forever blundering around putting her blundering around putting her housering at the holding policemen all along. In the opening episode everybody had a motive for murdering the mastry about the Mafa. The warning a frock and standing over the body with the murder of a young policemen. detailed similarity between the murder of a young policeman in a bar documented in the factual programme and the murder of a young policemen weapon still smoking in his hand so we all knew he didn't do it. The formula is now so tediously

for reasons best known to yourself-s fan of Angela Lansbury,

cupboards packed Troy-like with layers of skeletons. As with the Hammonds the business (not lorries this time but clothes) is a constant source of envy and plotting. As with the Ewings you can be fairly sure Ewings you can be fairly sure that any character not actually copulating will be either talking about it or recovering from it. Being British the series is fractionally less prudish that Dallas—we were allowed a flash of male bum this week—but a lot more prudish than Octopus which, while it stops short of showing what any art gallery

showing what any art gallery portrays, does at least reveal as much as the average Italian as much as the average Italian beach.

The new documentary series are all on Channel 4, and the best of the three is To Be A Yellowbelly, a somewhat baffing title exploiting the Lincolnshire slang for a farmworker. Made by John Goddard, this series does what I have long believed television to be uniquely good at: it shows the rest of society precisely what one particular

at: It shows the rest of society precisely what one particular group has to do for a living. With their appallingly low wages, long hours, and often complex skills (just how complex came out this week in a series of pictures which evoked the originating and chemical the engineering and chemical industries rather than the raw food business) the few men left working on the land do seem to get a particularly poor deal.

And yet while the rest of us may, as they believe, over-

and job satisfaction in farming, particularly in comparison to most industrial jobs, Still, with one farm labourer on a combine harvester bringing in produce worth £15,000 a day between July and December, assuming another of this week's claims is to be believed, the discrepancy between the incomes of owner and labourer does seem even more than usually shameful.

Since the U.S. has a Jewish population things the same and the

population twice the size of Israel's it is, perhaps, no great surprise that Heritage: Civilisation And The Jews is an American series. Unfortunately the producers seem to have learned more readily about the visible and audible trappings of such previous blockbuster documentaries as The Ascent Of Man and Civilisation than about the creative production skills which tend to be hidden.

Thus we have Abba Eban posed in front of an Israeli sky-line, lecturing rather woodenly ("Eh garden . . Eh nucleus . . . Eh farmer " etc) while a demon orchestra which seems to have orchestra which seems to have escaped from a Hitchcock movie whips up "tension" music in the background. Despite that the opening episode did sustain my attention for a full hour, and since it was largely devoted to Egyptian hieroglyphs, Hittite cupoiform and some pretty up. cuneiform and some pretty un-

imaginative maps, the subject itself must be fascinating. If To Be A Yellowbelly is the sort of programme in which the sort of programme in which the power of the pictures almost forces you into a particular political attitude, Losing Track is the sort in which particular political attitudes are used to try to force you into the picture. "Company identity was used to produce a service wasteforce." produce a servile workforce" asserts the monotonous voice-over describing the pre-war Railway companies. But with no evidence to support such claims the viewer rapidly feels himself irritatedly snapping "Says who?"



Deborah Findlay and Stuart Wilson in "The Over-grown Path," which opened last night at the Royal Court Theatre in London

#### Jacek Strauch/Purcell Room

#### Max Loppert

Jacek Strauch, the young English baritone of Polish parentage, came to notice several years ago as winner of both the Ferrier Scholarship and the Decca Ferrier Prize. Since that time, he has pursued a mainly operatic career in Germany and France; Monday's recital (for the Kirckman Concerts) was his first here for some while. In an all-Russian programme

Mr Strauch demonstrated that he is a singer of bold style and character, an artist of temperament, intelligence, and dramatic flair. The closing Musorgsky group united all these qualities. and showed that flaws noted earlier (chief among them the habit of landing on the flat side of a phrase, and the tendency to ride hard over smaller note values) had been comprehensively mastered. The singing was now vibrant, brave, and was now viorant, orave, and unconstedly impressive, ver free across a wide compass, one wished that it had been there was a quick, vivid complemented by greater manipulation of theatrical suavity and malleability of approach. This is a singer of drunken sot," "The Seminarist" notable talent, which now (a Christoff classic), and the needs considerable refining.

play to a distant aerodynamic

throb, the planes and heli-copters were kind for the open-

teeming gallery of Musorgsky portraits was made to emerge. One wondered why Mr Strauch is currently active on the stages of Würzburg, Saarbrücken, and Nice, and not at the Collseum. Before Musorgsky, however, had come songs by Charkovsky, Mediner, Rakhmaninov, and Glier, most of them in a mode of troubled darkness—the lack of variety in the programme composition was a fault that the singer failed to turn to a virtue. And in them Mr Strauch too often adopted a manner of loud bluster which his excit-able, unsubtle pionist Iain Ledingham loyally supported, and which in this acoustically uncomfortable half set the listener's eardrums buzzing. In such a high-charged outpouring as Rakhmaninov's "Arion," the ease with which Mr Strauch rode the high tessitura was undoubtedly impressive, vet one wished that it had been

whirling, stamping "Hopak,"

#### The Japanese in Venice

#### William Weaver

The link with the Orient is three that Ennosuke and his still actively cultivated in large troupe performed made Venice. In the beautiful library of the Fondazione Cini on the spectator. island of San Glorgio scholars

The star actor played three come to study the collection of roles: a great warrior (incarancient maps and documents; nation of a fox), a ghost, and the city's university boasts one in a spectacular transformation of Italy's most active departments of Oriental languages; to convey the impression of and the annual Film Festival, this acting, which is at one under the aegis of the Biennale, terribly real and totally has long fostered recognition of unrealistic. The women, played the great masters of Japanese by men, are superlatively

And so it was logical that the Kabuki company of the Brilliant Ennosuke III should begin in Venice its brief Euronean tour (which, alas, will not include Britain). Arguably of the audience could under-traly's most charming opera stand the words or appreciate house, the Teatro La Fenice is a versatile theatre (my own the samisen, the Venetians a versatile theatre (my own the samisen, the Venetlansfirst opera there was Porgy and often quickly bored—were
Bess); and so the Kabuki clearly enraptured; and at the
hanomichl—the gangway known as the "path of flowers"—ance, they gave the guests a
long and heatty enriche finally seem to fit right into the stalls. Progings Kabuki visits to

Italy have presented only autho-

logies, separate scenes—sometimes quite brief - from the long works of the repertory. Ennosuke, on the contrary, offered a single piece, The offered a single piece, The Thousand Cherry-trees of ment where Wagner lived (and Yoshitsune. This was not died)—there is an exhibit actually complete. When done entitled "Japanese Figurative in its entirety, it lasts eleven Art 1873-1964." featuring minety works from Japanese always given in excerpts museums. (except by Ennosuke himself. Most o who some time ago presented the full piece in Tokyo, a tre-

-the fox himself. It is difficult often no one actually touches anyone else-depict combat better than any Hollywood gunsmoke and cannonfire.

Though very lew members ance, they gave the guests a long and hearty ovation, finally respond with broad smiles and Western gestures of A614 gratitude and affection.

This has been a Japanese period in Venice. At the Ca' Vendramin—in the apart-

Most of the works, it must be said, are of no great artistic interest; but they are definitely mendous feat). But the acts— interesting as social history, to Western eyes, migh like the opera of the Ring—are the very first paintings show well have been undentities in themselves. The port scenes, with Westerners. by the State Railways.

just after the opening of Japan; soon Western style houses (a strong New England houses (a strong New England influence) are visible. Then Japanese artists began studying in Europe, imitating European styles, from pseudo-Corot to Braque-like cubism. Often they painted European scenes and is subtitled La serenissima. This therefore the two the two to the two London Contemporary Dance Theatre programmes that make up a brief one-week season in Rosebery Avenue. It is set to Benjamin Britten's third string quartet, whose final movement is subtitled La serenissima. This subjects, or, having come home, painted Japanese subjects in European style. Thus Kiyotero Kuroda's 1893 painting of a land proposes various attusione geisha and her maidservant suggests an artist who has read Loti and is seeing his own country through Western eyes. The painting looks like a pre-echo of Butterfly and Suzuki, a

Meanwhile, at the Cinema Ritz, you could see a series of Japanese films, a somewhat random selection that included documentaries about Kabuki and tatooing, classics by Kuro-sawa and Mizoguchi, and more recent works not seen on the normal commercial circuits. Some of these were engaging in their portrayal of modern, daily life in Japan. One, The long road, by Sachiko Hidari, sponsored by the railway wor-kers' union, bore on some parts a strong resemblance to those 1930s Soviet films about build-ing a dam and teaching lessons in solidarity.

Though Hidari's story is primitive, her cinematic sense is strong, and the film was beautiful to look at. In the end, it made you want to go to Japan and ride on one of those clean, fast, efficient trains. The film, to Western eyes, might just as well have been underwritten

#### London Contemporary Dance/Sadler's Wells

estimate the value of variety

#### Clement Crisp

Siobhan Davies' most recent creation, Bridge the Distance, The cast is seen in unappealing day dress — Mr Harding Irmer's identity stressed by very Teutonic suiting — and the dancers' activities appear rather ordinary against the white sheeting that is the set. Venice, indeed, seems little more than an excuse: it is hard to relate the resumestations of the complex.

the permutations of the couples'

who have been inspired by it.

Mr Harding Irmer has a solo indicative of sorrow and longing, and there are later hints of Aschenbach's obsession with Tadzio, but the generality of the dancing is subdued, with suggestions of emotional tensions in a taut duet for Lauren Potter and Paul Douglas. It is all very and Paul Douglas. It is all very earnest, and not a little This first programme begins with Robert Cohan's Skyward,

which dates from last year and treats of a progress from things of the earth, earthy to matters more spiritual and liberated. There are archaisms of cos-tuming — which is handsome in what looks like Aztec fashion

behaviour to anything of the —and a rather demure core city's life, or its visual splen-by Eleanor Alberga. The dour, or those myriad artists who have been inspired by it. of the cast, wholly splendid in

Rite Electrik, Tom Jobe's view of the bunk sub-culture of disco dence and bondage dress. Driven by Dale Barlow's saxophone the performers strut and pose and offer their innocently aggressive manners to the world. It is a vivid snapshot of the way urban young see themselves today — Les Rendezvous for the mid-80s.

#### Antonio Meneses/Elizabeth Hall

#### **Andrew Clements**

Brazilian-born cellist who came Chopin and Rakhmaninov. including first place in the Mos-cow Chaikovsky Competition, many prestigious engagements and several recordings to his

Two years ago he teamed up this generous personality in better suppor for recitals with his comparior Mendelssohn's D major cello partner, both Cristina Ortiz and it was she sonata Op 58, and throughout accounts of who partnered Mr Meneses here the evening brought great and panache.

minor) and a highly charged expressive world, and perhaps include both of them in the same programme. But as Mr name including the Brahms
Double Concerto with no less
than Anne-Sophie Mutter, the
Berlin Philharmonic and Von
Karajan.

Same programme. But as Mr
Meneses soon made clear, his
strength is a big, well-projected
tone perfectly suited to the
succulent phrases that sustain
both works. He demonstrated both works. He demonstrated

Mr Meneses is a 28-year-old, in cello sonatas by Mendelssohn, warmth to his lines. Miss Ortiz's kazilian-horn cellist who came. Chopin and Rakhmaninov. contribution was less successful.

sort of ruler. Down to earth delivery hinted less at a romantic in love with love than at a freshman temporarily disto his Elizabeth Hall recital on The Chopin and Rakhmaninov Much of her playing seemed Monday with an impressive sonatas share both a key (G pedigree: a string of prizes, minor) and a highly charged including first place in the Mos-expressive world, and perhaps imagination. Whenever a tracted from rugger by his first big crush. His endearing earnestness matched Viola's. Alyson Spiro makes Viola into a plucky and serious little figure. The willow cabin speech melodic shape passed between the instruments it was the cello that phrased it more memorably. In the Chopin and Rakhcame out meaningfully, when it could afford, as few other pasmaninov this was a serious shortcoming, for both works sages can, to be simply savoured for the pleasure of the words. require a pianist of supreme confidence and technical dash. Richard Digby Day's production is straightforward and conventional. There are none of Mr Meneses, too, deserved better support; given the right partner, both could have been accounts of great excitement

uncommonly handsome in early Van Dyck costumes (designer: ing of the open-air theatre season in Regent's Park. Nature herself provided distractions enough. Viola/ Cesario's proxy wooing of Olivia took place against a ravishing counterpoint of bird-

Twelfth Night/Regent's Park

**Martin Hoyle** 

Although poor Orsino had to cenzo Nicoli looked much too

speak the most famous open- normal to be stirred by the

ing lines of any Shakespoire winsome wet that John play to a distant aerodynamic McAndrew (a former RSC Peter

moments as when he tosses Olivia's ring on the ground song. The food of love, willow cabins and patience on a monu-Olivia's ring on the ground before the disguised Viola in ment all contended with the contemptuous disdain. His read overpowering beauty of the ing of the purported love letter was funny in the accepted way. dusk chorus. The play's second half was noticeably kinder to as time-honoured as the forced mirth that accompanied the the actors' voices, and therefore to their abilities to vary their exits of the plotters-a bad tradition we could do without. A portent of things to come Michael Denison gives us a Toby Belch who is obviously a retired military man, well-spoken and ruminative, and in

Pan) makes of Viola's twin.

Both men and women look

was provided by Paul Venables' Duke. With his sandy fringe, slightly self-conscious stance and air of boyish bewilderment, Peter Woodward's fights cap he made a very undergraduate able of some very nifty swordplay. "She's a beagle," he beams in total approval of Maria; and the pensioned-off Home Counties warrior comes into focus. Elsewhere the por-trait is tentative and will doubtless be filled out. Maria is Ruth Madoc.

Maria is Kuin Maduc. Inis likeable, straightforward maid, not noticeably bubbly and socially a cut above the usual domestic, nobly refrains from her Hi-De-Hi Welsh accent, Paul Raffield's Aguecheek is the most accomplished and detailed noraccomplished and detailed por-trayal on show. As 50 often here, the whole of the summer evening is greater than the sum conventional. There are none of the sexual ambiguities some directors find in the Orsino/ Cesario or Antonio/Sebastian relationships. Honest Antonio may say he adores Sebastian, but this sea captain's puglistic profile was unperturbed by any palpitating pash. Sturdy Vin-

## Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wedns/Thursday. A selective guide to all the Arts appears each Friday.

May 31 - June 6

#### Theatre

#### LONDON

Noises Off (Savoy): The funniest play for years in London, now with an improved third act, Michael Blake-more's brilliant direction of backstage shemanigans on tour with a third-rate faron is a key factor. (838 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskat-ing folly has 10 minutes of Spielberg ing folly has 10 minutes of Spiciners movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score node towards rock, country and hot gospel. No child is known to have asked for the country and hot gospel. his money back. (834 6184).

On Your Tees (Palace): Rodgers and Hart's 1936 musical is a genuine toncarry 1650 musical is a genuine con-ic. American jezz dańce collides with the Ballets Russes, Gems in-cinde There's a Small Hotel, Glad to be Unhappy and the Balanchine bal-let for Slaughter on Tenth Avenue. (437 6834).

Wad Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap dancing extravaganza has been rapturously received. Ameri-em Clare Leach is a real find as

Peggy Sawyer, and Margaret. Courtenay has a field day (836 8108). Me and My Girl (Adelphi): Sleek, effi-cient and enjoyable revival of Britain's higgest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Craw-

Other Places (Duchess): Colin Blakely and Dorothy Tutin in a reassembled trilogy of Pinter plays: A Kind of Alaska in which a victim of sleeping Alaska in which a victim of sleeping sickness awakes after 20 years; Victoria Station, a funny throw-back to Pinter's early revue sketches; and last year's One for the Road, a chilling piece of intimidatory police state controntation with first Pinteresque intimations of political despair.

ford. (838 7611).

The Government Inspector (Olivier):
Striking but unfunny revival with
under-equipped TV comic Rik Mayall playing the poseur as a shricking
nose-picker. Richard Eyre's production for the NT lacks either comic tension or true delirium but, with John Gunter's imposing design of buresuccratic bumf, the abow has a sort of monumental starkness as well as nightmarish tedium. New translation by Adrian Mitchell

Waste (Lyric): Deserved transfer to Avenue for the RSCs (437 3886).

Sirationd-upon-Avon production with Antony Sher demonically exciting as Richard in the RSC revival by Bill Alexander. Plays in repertory with Roger Rees as Hamlet and Kenneth Branagh as Henry V. All worth seeing. (8288795, credit eards 6383891).

Barnum (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable meringue of a musical (834 1917, credit cards 828 4735).

umpers (Aldwych): Confident almost sober revival of Tom Stopperd's glit-tering comedy of love, murder and linguistic maybem among the logi-cal positivists, with Paul Eddington a more earth bound George Moore II than was Michael Hordern, Felicity Kendal delightful as his retired musical comedy wife. Peter Wood directs. (8366404, credit cards

Prawda (Olivier): Entertaining epic new play by David Hare and How-ard Brenton for the National Thea-tre in which an unscrupulous South African magnate acquires Britain's most prestigious newspaper. A Jon-

sonian satire on the grand scale with an irresistible performance by Anthony Hopkins as the colonial who penetrates the Establishment while a nation dithers. (9282252).

Old Times (Haymarket): Pinter's 1971 reminiscent klyli has Liv Ullman and, in the best performance, Mi-chael Gambon competing in the present and the past for a glacial Nicola Pagett. David Jones's smooth production is less monumental in tone than was Peter Hall's the text is very fine and very funny. (930)9832).

Breaking the Silence (Mermaid): An-other RSC trensfer, of Stephen Poli-akoff's account of his family's emigration from post-Revoltionary Russia, Alan Howard succeeding Daniel Massey alongside Jenny Agutter, Ingeniously set in an Impe-rial rallway carriage. (236 5568).

The Mysteries (Lyceum): The theatre of Henry Irving and Joe Loss re-stored for theatrical performance af-ter 40 years. Bill Bryden's MT production in three parts is not to be missed, one of the great events of recent years. All three shows played on Saturdays for this limited run. (3793055).

**NEW YORK** Cats (Winter Garden): Still a sellout, Trever Numr's production of T. S.

Eliot's children's poetry set to trea-dy music is visually startling and choreographically feline, but classic only in the sense of a rather staid

that Street (Majestic): An immodest celebration of the heydry of Broadway in the '38s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy houring by a large chorus line. (877 9020).

reamgiris (Imperial): Michael Ben-nett's latest musical has now be-come a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, à la Supremes, without the quality of their music. (239 6200). Brighton Beach Memoirs (48th St). The first instalment of Meil Simon's

nix of memories and jokes focuses on a Depression-era Jewish house-hold where young Engane fails awk-wardly in love with his cousts. (221 1211), Cherus Line (Shubert): The longest running musical ever in America has not only supported Joseph Papp's Public Theater for eight

years but also updated the musical genre with its backstage story in which the songs are used as audi-tions rather than emotions. The Beel Thing (Plymouth): After 14 months in London, Ton Stoppard's

latest giggle at the English intelli-gentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

Sunday is the Park with George (Booth): Inspired by the Seurat painting, Stephen Sondheim fast-ions a musical with dots and dashes of song that end too soon but work well with Tony Straiger's pretty set and James Lapine's book which changes genrs in the second act.

La Cage pux Felles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to cap-ture the feel of the sweet and hilarture the feel of the sweet a ious original between high-kicking and gandy chorus numbers. (757 2526).

Torch Song Trilogy (Helen Hayes):
Harvey Flerstein's touching and
funny recollections as a drag queen
add up to the best histrionic Sarah
Bernhardt role on Broadway today.
[9440459] (944 9450).

#### WASHINGTON

Count of Moute Cristo (Eigenhower): The second production of Peter Sellars' new Assertion National Theatre company is the James O'Neill version of this swashbuckler. (2543678).

#### Bradford sells Dutch glass

Saleroom/Antony Thorncroft

sold.

Unusually, the glass had not been in the family for genera-tions. The present Earl started collecting 18th century glass 17 years ago when he was a student. He has sold the 70 lots to raise money to maintain the ancestral home, Weston Park, although there are, currently. negotiations with the National Heritage Memorial Fund to

secure its future. The top price was the £54,000 paid by the Dutch dealer Lameris for a set of 12 commemorative glasses engraved by David Wolff, and others. They were commissioned between 1762-84 for the waterkeepers of Heusden in south Holland, whose task was to ensure that the dikes were well

maintained.

The Earl of Bradford, still struggling to find £8m in death duties on the estate of his late father, sold his collection of Dutch engraved glass at Christie's yesterday for £198,666, rather less than the £250,000 thoped for from the auction. Twenty-one per cent was unsold.

A stipple engraved goblet by Frans Greenwood. after Gerit Dou, comfortable beat its forecast at £32,400. It depicts a woman selling fish. Greenwood is generally acknowledged as the most influential of the 18th-century diamond point engravers on glass.

A facet-stemmed friendship

A facet-stemmed friendship wine glass by Jacob Sang sold for £8,100; and Asprey, the London dealer, paid £6,480 for a light baluster goblet depicting a colonial trading scene. The highest price of the day

came in the general glass sale

which followed. Delomosne, the London dealer, paid £56,160, over twice the forecast and a record for 18th century English glass, for an unrecorded signed Royal armorial goblet by the famed north eastern glassmaker William Beilby, Produced around 1762 it is inscribed "Success to the African trade of Whitehaven," and was one of a series of gobless made by Beilby to celebrate the birth, in 1762, of the Prince of Wales, later George IV. Eight have come to light so far. By Patti Waldmeir, Africa Correspondent, recently in Lagos

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Wednesday June 5 1985

## Rajiv Gandhi in the U.S.

MR RAJIV GANDHI, the Indian such tangible benefits from Prime Minister, is now em. India's good relations with Moscow, Mr Gandhi can have benefits from Moscow, Mr Gandhi can have parked upon a foreign tour that will include his first official visit but the best from both East and to the U.S. It is to be hoped West on his trip to the U.S. that his arrival in Washington The U.S. has already will mark a change towards a intimated in most un-Reagan-rather less sterile relationship like fashion that it accepts hetween these two yast coun-lindia's active non-alignment. It that his arrival in Washington between these two vast counfries than was the norm during Mrs Gandhi's administration.

Her son's youth, his interest in modern technology, his com-mitment to more liberal econo-mic thinking and his relative detachment from India's prickly post-colonial mentality suggest

But it is clear at the outset that the U.S. cannot hope for anything more than India's constructive equanimity be-tween the two superpowers. For while the U.S. may see in Mr Gandhi's attitude a chance to advance its involvement in his country and its interests in the region, he is equally being woodd by the Soviet Union, which regards his accession as which regards his accession as the continuation of a 37-year-old alliance.

During his recent trip to Moscow Mr Gandhi showed accov har canon snowed every intention of reinforcing a relationship which has proved very fruitful to India. The Soviet Union has stood by India through three decades and three Indian wars—two against Pakistan and one against China Pakistan and one against China Daviet the Soviet was During the same period the Soviet Union has helped India to build most of its heavy industrial plant. It has supplied india with crude oil and food when these were not available

The Soviet Union has provided India with over 80 per cent of its arms inventory—at very low prices. When India recently decided to diversify its of arms the Russians iled their efforts and d to supply weapons as so advanced—such as the MiG 27 and 29 aircraftthat they have not yet been

has taken practical steps to re-place mistrust and argument over India's access to American technology and weaponry with memoranda of understanding between the two countries. One signed earlier this month will permit sales of advanced capital equipment to India, and another is mooted for the sale of weapoury.

A key issue of Mr Gandhi's visit to Washington will inevitably be the U.S. relationship with Pakistan which earns it self substantial flows of American aid and weaponry by appearing a bastion of Western strategic interests on the subcontinent

Mr Gandhi is extremely concerned that Pakistan may be making itself a nuclear weapon. President Reagan has every reason to assure him that the U.S. will dissuade and hinder Pakistan in any such endeavour, especially now that India is hinting that it may retaliate by making a bomb of its own.

#### Challenge

The real challenge for both sides is to reduce the mutual suspicion which forms the background to the Pakistan question. This means that President Reagan has somehow to give the lie to Mrs Gandhi's conviction that India does not feature in Washington's view of the world. He has to pledge greater willingness to help India in its economic development, instead making it difficult for the World Bank to supply construc-tive concessional finance to the

On the Indian side, it means abandoning the facile notion that of the two superpowers it is only the U.S. which special-ises in imperialism and colonialism. In a measured manner Mr Gandhi needs to open India to Warsaw Pact partners. Given the U.S. can supply.

# Talking down the lated in his January budget speech that the nation could afford only N3.15hn in imports, less than half their 1984 levels and only a quarter of their 1982 peak of N12bn—had made it appear that the price for resisting Fund conditionality would be further massive job losses and a serious decline in economic activity. Now Gen Buhari, and other

BRITISH MONETARY policy is ing continues, perhaps indefi-now visibly pupating, and nitely — for the Bank of interested spectators—a small England, which is naturally but families hand-are wating with some impatience to see the shape and colour of whatever that the figures do contain new-creature is to emerge from the chryselis.

The signal of the change came in the Chancellor's recent speech belittling the importance the traditional indicator of British monetary growth, sterling M3. Since then, other ministers and officials have mounted a quiet but impressive propaganda campaign. The aim: is apparently to produce new attitudes and expectations no nestalgic disorder results from the change.

Yesterday this campaign ran intot a small snag. The figures for broad money were so moderate; and so much in line with market expectations, that no test of attitudes was possible. The Treasury did its best to keep up the momentum, pointing out that the figures for terring MS were hard to intersterling MS were hard to inter-pret; but after a month in which this aggregate rose at an annual rate of 6 per cent. nobody was worried about inter-

Dealers were concentrating on the exchange rate, not because Treasury ministers told them to, but because worries about oil prices are, for the moment, the only visible cloud on the horizon.

Ministers will not be at all upset about this development, even if it does postpone any real test of market psychology (which would be set by a bad set of money figures when sterling was strong). It looks the property of the property of the strength of t nuch better to de-emphasise or bandon a target which is being met than to run away from a failure, as happened after the very large M3 overshoot in

However, orderly money figures are not produced just by happy accident. Last month, a. 2560m rights issue by

sympathy with this point of view in the circumstances of the past—when the Bank's task was to fund the Government's own borrowing and when broad money was read, as was in-tended, as a signal for fiscal rather than for monetary policy. Over-funding, however, is

another matter. It was invented to enable the authorities to pursue monetary control with-out changing interest rates, which is a travesty of mone-tarism; and as is the usual fate of such devices—for example, the earlier corset—it now acts as a distorting mirror for the

#### Dominant

If the transactions which have built up official bill holdings (which now far exceed the currency in circulation) distorted only the monetary aggregates, the only problem would be the purely technical one of how to run this portfolio down in an orderly way. However, its size is now so large, and the trans-actions to refinance it are so dominant in the money markets, that even an exchange rate objective becomes more problema-

quiet month, such as that re-flected in today's figures, official operations in bills hold the bill rates well below the corresponding sterling Libor rates, so that through covered arbitrage the British bill market has become a cheap source of foreign currency booking.

This would depress spot ster ling were it not for the fact that the excessive interest rates. the excessive interest rates, which have resulted from the whole charade, have attracted heavy foreign buying of gilts. When every market is distorted efforts to control an aggregate which the Treasury now regards as unimportant (or at best enignate) it is easy to cross in Barclays Bank look some of the strain off funding, but the new as unimportant (or at best enignated in the pause show that the pause matic), it is easy to grow inwas only temporary. Funding patient with the present pace

# Lagos keeps the IMF at bay

T A TIME when the severity of the economic crisis in Africa is providing more and more converts to the economic policies of the International Monetary Fund, Nitronia is sampling on a Nigeria is gambling on a strategy for survival without the Fund which has its traditional trading partners profoundly worried.

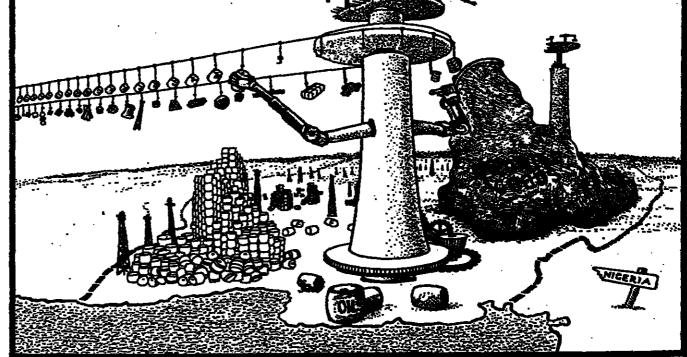
The strategy is a determined foray into counter-trade, with some \$2bn in oil swap deals either concluded or near completion and a host of other pro-posals still on the table. Hitherto minor suppliers like Brazil.
Austria and Italy have been
first off the mark with such
deals (along with France, which has made an aggressive hid for the Nigerian market in recent years), leaving tradi-tional exporters like Britain. West Germany, and the U.S. scrambling to protect their threatened share of Black Africa's largest market. Britain is likely to suffer most from the emphasis on counter-trade, as its oil-producing economy is almost a perfect mismatch with almost a perfect instruction with Nigeria's, making conclusion of oil swap deals difficult. There seems little doubt that Britain wit this year lose its historical position as Nigeria's largest suppler, to either Brazil or

For Nigeria, the stakes are ligh. Although Lagos shows high. few signs of fearing the wrath of Opec—"Opec is engaged in collective misdemeanor," said one Nigerian official, referring to well-publicised oil swap deals by other Opec members -Nigeria cannot afford to precipitate a downward oil price spiral which would slash overall foreign exchange revenues and could threaten the stability of the military regime of Maj-Gen Muhammadu Buhari.

But if the counter-trade cam-paign works (it is believed to have strong backing from the Head of State) it could permit Nigeria to sustain its continuing stand-off with the IMF and prove wrong those businessmen, bankers and diplomats who had said the country could not last the year without a three-year oan from the IMF.

Faced with a sharp decline in oil revenues (which provide 95 per cent of foreign exchange) a credit squeeze by the Western export credit agencies and the international banks, and a crushing debt service burden, Nigeria has come under heavy pressure in the past two to three vears to adopt IMF-approved economic reforms in return for securing balance of payments

Indeed, the government's own lated in his January budget



proponents of counter-trade appear to believe that they have found a middle way between the rock and the hard place although critics both within and outside the government say they have serious doubts. Opponents say the deals are costly, open to graft, and at best only a short-term expedient which will allow government to continue putting off the reforms needed to correct the economy's serious structural imbalances. The idea is that in return for

the chance to export to Nigeria

UK firms fear they may be

losing out

(and keep factories working at home while receiving payment on an "as-good-as-cash" basis), Nigeria can find enough new customers for its oil to keep pumping at around the 1.6m bpd averaged so far this year
—well above the 1.3m bpd basis
on which 1985 revenue projections were made.

Three separate deals have
been signed so far and a fourth

is on the point of completion. The first agreement, a \$500m oil-for-goods deal between Nigeria and Brazil signed in for 1985—Gen Buhari calcut touted by both sides as a model for South-South co-operation— and a group of UK companies the perfect solution to the are believed to have made the

> owned oil company Petrobras and selling it on the spot mar-increased its liftings of Nigerian ket, in return for British goods. crude by 40,000 bpd, while
> Cotia, the largest private trading firm in Brazil, contracted to
> provide some \$500m in foods.
>
> provide some \$500m in foods.

have some judicial appoint-

Glidewell it was who, in the

GCHQ case last year, declared that the instruction given by

Mrs Thatcher in her role as Minister for the Civil Service

that trade unions should be banned from the Government's

Cheltenham spy centre, was "invalid and of no effect."

On the way to reaching that decision he criticised Mrs Thatcher's failure to consult the

unions and staff beforehand as being contrary to natural justice—or, as he put it, to "fair play in action."

It is a matter of historical

record that Glidewell was over-turned by both the Court of Appeal and the House of Lords.

The Law Lords, however,

were unstinting in their praise of him, and over-ruled him only

because what they regarded as

the crucial point of law in the case had nat been argued before

Lord Fraser of Tullybelton expressed his "respectful admi-ration" for Glidewell's "care-fully reasoned" judgment.

Lord Diplock referred to it

as an "impeccable judgment" and Lord Roskill said that he

ing embarrassment he caused the Government.

**Economic cycle** 

ments) as "political."

ment, spares and a large com-ponent of completely knocked down (CKD) vehicle assembly kits from Volkswagen Brazil to

ear to the ground in Lagos realised that the Brazilian deal could mark a major shift in Nigeria's trading strategy, and they responded with oil swap offers which they lobbled through government (with heavy support, in most cases, from their national embassies).

The result so far has been a further \$500m deal with Scoz, the Paris-based international trading house, and a \$200m agreement with Austria's Voest Alpine and another unnamed Austrian trading firm. A \$400m oil swap arrangement with Italy's Fiat group and ENI is also believed to be near com-pletion, while the Cotia deal is expected to be increased soon to around \$950m. West German companies such as Mercedes Volkswagen, Julius Benger and Mannesmann are believed to be interested while Blue Circle and Beecham's of the UK are also understood to be trying to the use the same also understood to be trying to the use of the use put together a deal. Numerous French and Japanese offers are also on the table, as well as one

from the U.S. and from Canada. Certainly British firms are increasingly concerned that they are losing out in the most important market in black Africa. severe cash flow problems of first tentative steps towards a both partners.

Under the deal, Brazil's state-involve accepting Nigerian oil

of which some 200,000 bpd are already committed or about to be committed — it is under-stood that Lagos will now observe a temporary freeze on new deals until those now coming on stream can be assessed.

There are believed to be deep divisions within government on whether the counter-trade policy is wise. Oil Minister, Professor Tam David-West, who has defended the deals in pub-lic, has been known to strongly criticise them in private, while technocrats in the Ministry of Finance are also believed to be

Arguments over the wisdom of such deals centre on the following points: Supporters say a major advantage is that such deals guarantee automatic access to

trad? finance, at a time when Western export credit agencies are either off cover for Nigeria or are rolling over short-term cover at very low levels, and when banks are still reticent about providing confirming lines • The French and Austrian deals could also have a positive

impact on Nigeria's reserve position as 25 per cent of the oil lifted under each deal will be paid for in cash. France's Paris Club partners are highly suspicious of the French deal, fearing that some of the cash could go to pay overdue trade debts to suppliers insured by France's export credit agency Coface. The Par S Club nations have so far maintained a united front in refusing to reschedule these debts until Nigeria reaches agreement with the IMF. But it is understood in Lagos that Coface has refused

supplied will be inflated. Under the French deal, for example, Scoa has agreed to compensate Elf Aquitaine, which will actu-ally lift the oil, for the trading loss involved in purchasing crude at Nigeria's official price and on selling it at the 10 per cent discount now prevailing on the spot market. Scoa will hope to recoup some of the loss by persuading suppliers to trim their normal "risk margin" on exports to Nigeria and to treat the transaction as virtually a

cash sale. They will also hope

The alternatives were simply unacceptable

to put pressure on Peugeot, which is supplying vehicle assembly kits as a large component in the deal, to consider the benefits of avoiding costly shutdowns at its assembly plants in Nigeria and cut its margins as well. But it appears unlikely that the entire oil trading loss could be offset in this way, and there can be little doubt that goods under each of the deals will be imported at a premium. (However, there is evidence that Nigeria may be gaining experience in squeezing these as Nigerian in report that goods coming in from Brazil are now more reasonably priced than in the early days of the deal.)

But the crucial factor in determining the wisdom of such a strategy must be whether counter-trade brings Migeria new customers for its ell, or only displaces existing sules. Supporters say Nigeria could not produce at what has been called produce at what has been called its "survival level" of 1.5 or 1.7m bpd without oil swap deals to boost sales, and there is evidence that Italy and Brazil, at least, do represent new sales. However, critics argue that Nigeria could sell the same volume of oil by discentargue that reigera could sell the same volume of oil by discount-ing normally, rather than implicitly (as in the deals con-cluded so far) and would avoid dependence on fixed sources of dependence on axed sources of supply. They point out that the country's average production to end April (i.e. before littings had begun under any but the Brazilian deal) had been 1.8m The bottom line is that the

alternatives to counter-trade were simply unacceptable. The austerity which would have been forced on the nation by the foreign exchange shortages foreseen in the budget (based on a 1.3m bpd production figure) might have placed an intolerable strain on Nigerian society. Extra revenues from oil swap deals, on the other hand, may actually allow Nigeria to maintain imports at near their 1984 level of around N7bn rather than slashing them by more than half as foreseen in the budget, saving many thousands of jobs in the process. The alternative of halting debt service, which was budgeted to absorb a hefty 40 per cent of export earnings in the 1985 bud-get, also appears to have been rejected, although the tortuous pace with which Nigeria is issuing promissory notes to reschedule uninsured trade arrears has left some bankers questioning its commitment to clearing old debts.

The final alternative, a deal with the IMF, appears as far or further away than ever. Although there was speculation earlier this year that Nigeria might be quietly taking the advice of the Fund as it allowed the Naira to slip in value at an annualised rate of almost 25 per cent the decline appears to have nearly halted since March.

Nigeria is clearly gambling that extra sales above its Opec quota (1.45m bpd, according to Lagos, although Opec still insists it is 1.3m) wil not send the already precarious spot market into a nosedive, and that Opec, which is believed to have delivered a strong rebuke to Prof. David-West at its last meeting will do nothing more concrete than complain.

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If the gamble succeeds, Nigeria could use the breathing term reforms, including reducing industry's heavy dependence on imports, which provide early days of the deal.)

70 per cent of the sector's needs. But in the view of many reduce normal competition bankers, businessmen and some among suppliers, adding that private Nigerian interests have covers only the short term, and played a large role in determining which companies which alone can put the counter-trade proposals have economy on a sound, long-term

## **Men and Matters**

#### magic circle To anyone outside the magic

Rothschild's

circle, the role of the Accepting Houses Committee is obscure. "Elite" is the adjective most often linked with City of London association of 16 merchant banks, but its members include minnows as well as the mighty, and the acceptance business these days is by no means confined to its members alone.

Yet it is still something more than just a high class lunch club. Evelyn de Rothschild. who takes over next as chairman from Ian month as chairman from Ian Fraser, says its members represent not just an important segment of Britain's private banking business, but also a large chunk of the country's fund management activities. And they hang on to one vital privilege. privilege: a special relation-ship with the Bank of England, which confers a special credit status on them.

The question is whether this can be retained through the period of upheaval now engulfing the City. De Rothschild is suitably discreet about the possibilities of opening up the Committee to a wider membership (maybe even the odd foreigner?). But he emphasises that a small group of senior figures with more or less common interests is likely to be a relatively effective lobbying force. That does not sound like an invitation to Citibank and

Will we be hearing rather more of the Committee in the future? De Rothschild thinks that a role to play in reshaping the City, but not one that will bring it into the public eye. "Through the corridors of power, one can still play a part," he says demurely.

#### Way to Appeal

Whatever else may be said of the promotion from the High Court bench of Lord Juctice Glidewell, who took his seat in Glidewell, who took his seat in From a Midlands company the Court of Appeal yesterday, magazine: "Cycling is the best it can hardly be described (as way to see the country, and if

you take a tent you can have : really cheap holiday. Last year I cycled round the Welsh coast on £20."—In the good old days, of course, you could have done it on a penny-farthing.

#### **Putt down**

Henry Cisneros, mayor of San Antonio, Texas, and widely con-Antonio, Texas, and widely considered a rising star in the U.S. Democratic Party, found himself in a position this week to make a positive contribution to one of the hot political issues of the moment in Japan.

This happens to be the hanning by one of Japan's most traditionally-minded golf clubs of Mrs Mayumi Moriyama, a viceminister at the Foreign Minstry, from a tournament for ambassa-

from a tournament for ambassa dors, simply because of her sex The club had announced that it would not even allow the Queen or Mrs Thatcher to play during a weekend—and the resulting debate reached the floor of the Japanese parliament.

Prime Minister Nakasone,
citing British golfing discrimina-

tion against women, more or less said clubs could do what they wanted. Though Foreign Minister, Shintaro Abe, had registered his displeasure by deand Lord Roskill said that he had "read and re-read" it with "increasing admiration for its theroughness and clarity."

Such praise in high places, coupled with Glidewell's demonstration that he possessed the moral and intellectual integrity on which the Lord Chancellor's Department places a high premium when selecting, obviously outweighed the passing embarrassment he caused clining to turn out for the tournament. Enter Cisneros, heading a delegation from the San Antonio region and, like any

visitor to Japan, bearing presents for those he was to meet.

The gifts included putters made in San Antonio, and on his programme was none other than Mrs Moriyama, who had been put down for presents of a hook put down for presents of a book and a scarf before His Honour was apprised of the situation. Of course, this does mean that some unfortunate Japanese businessman or male bureau-

#### Chemical changes Tradition has prevailed in the

top ranks at Hoechst. Once again a qualified chemist and honorary professor has taken over as chief executive of the West German chemical giant, in the person of Wolfgang Hilger. But, it seems, the Greens and now the feminists, too, are chipping away at Hoechst's foundations.

foundations.

Traditionalists and iconoclasts
all blossomed forth yesterday in the domed Jahrhunderthalle near Frankfurt at the festive shareholders' meeting where Prof Rolfe Sammet, who has presided over Hoechst with dour sternness for 16 years, presented his last report, celebrating record sales and earnings. As his successor, Hilger keeps up the general (but not universal) tradition that top men versal) tradition that top men in West Germany's chemical industry are scientific experts who have risen through the ranks.

(The notable exception to the rule is Hermann-Josef Strenger, who took over last June as head of Bayer, where he began as a commercial trainee 35 years

ago.)
Hilger, who studied chemistry
at Bonn University and has just been named a professor at Frankfurt University where he lectures in inorganic chemistry, has been with Hoechst for 27 years, including 11 years on the management board.

He will certainly have his management skills tested by more than the usual commercial

The Greens have long been crying "polluter" at Hoechst, accusing it of dire effects on land, air and water. So much so that Sammet remarked yes-terday that he was worried about the company's ability to go on investing under reason-able conditions in its home state of Hesse

And a male shareholder put his finger on another potential trouble spot yesterday. Hoechst's top ranks, he pointed out, included only one woman. "This doesn't go with modern times,' moderate applause.

**Observer** 

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Telephone

model for a bigger one, of course. That's the future road for physics, as I hope you'll all

Arthur Roberts, U.S. particle physicist, 1946. ONE OF Britain's top scientists has just fiftlished a searching inquiry into the UK's involvement with a major multinational science venture. His inquiry raises far-reaching questions about how Britain should allocate scarce resources for fundamental research with no immediate commercial

Kendrew has completed his investigation of completed his investigation of CERN, the European laboratory for Particle Physics near Geneva, a scientific club devoted to "atom-smashing." He was asked by fellow-scientists in the UK to say whether Britain is getting value.

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scientists in the UK to say whether Britain is getting value for money from the £60m a year it-spends on this sector of science, of which about £35m is its subscription to CERN.

CERN is Europe's central laboratory for atom-smashing, which is trying to isolate the fundamental building bricks of which matter is made, and explain what holds them together. Intellectually, it has proved a demanding and expensive challenge, partly because of the paradox that the smaller the particle to be smaller the particle to be resolved, the bigger the instrument required.

Atom-smashing needs bigger instruments than any other sector of science. In effect, they are giant microscopes, powerful enough to peer into the protons and neutrons that make up atoms, and reveal the myriad particles of which these are made. Their design and con-struction is itself a tremendous feat of engineering.
For the physicists it has also

proved a tremendous challenge, for until the mid-1970s the harder they peered, the more complex matter appeared. Instead of one basic building brick they found bundreds. Only in the past decade has the fundamental simplicity of structure they always hoped for seemed within reach again, CERN has been at the forefront

His report on CERN goes to another biophysicist, Sir David Phillips, chairman of the Advisory Board for the Research Councils and effectively chief scientific adviser to Sir Keith Joseph, Secretary for Education and Science. It goes also to Sir John Kingman, chairman of the Science and Engineering Council, biggest of the five research councils and the one which pays the CERN subscription. The SERC is busy drafting its first corporate plan Because of the immense cost of building atom-smashers, CERN has become the kingpin of a European chub to which 11 nations contribute. Its staff of 3,500 serve physicists in laboratories throughout Europe.

CERN began as part of a grand plan of European poli-ticians to reunite a war-torn continent through science. Be-fore the war, atom-amashing had released energy from the atom by splitting the nucleus - nuclear energy. Post-war, the physicists bluted that atomsmashing at deeper levels in the source of energy.

Any hope that this might Britain is going to renege on come easily has long been the "gentleman's agreement,"

European scientific research

# Now some questions for the atom-smashers

By David Fishlock, Science Editor



CERN has become a as Professor Herwig Schopper, that they were unlikely ever to constitution with its own its director-general calls it, to negotiate a bigger one. But they necessarily operations support the instrument he is they had a clever idea for a very large scale. Its building at present. This is a building LEP so that its atomdafied, CERN has become a as Professor Herwig Schopper, that they were unlikely ever to scientific institution with its own its director-general calls it, to negotiate a bigger one. But support the instrument he is they had a clever idea for ing on a very large scale. Its building at present. This is a building LEP so that its atomised energy—and hence its the large electron - positron resolving power as a microscope worked out on the basis of its the large electron - positron resolving power as a microscope (LEP) collider, designed to every the experimental requirements of meaning for adding more advanced equipments of meaning for a serve the experimental requirements and meaning for a serve the experimental requirements and the serve that they had a clever idea for support the instrument he is they had a clever idea for support the instrument he is they had a clever idea for support the instrument he is they had a clever idea for support the instrument he is they had a clever idea for support the instrument he is they had a clever idea for support the instrument he is they had a clever idea for support the instrument he is they had a clever idea for support the instrument he is they had a clever idea for support the instrument he is they had a clever idea for support the instrument he is they had a clever idea for support the instrument he is they had a clever idea for support the instrument he is they had a clever idea for support the instrument he is they had a clever idea for support the instrument he is they had a clever idea for support the instrument he is they had a clever idea for support the instrument he is they had a clever idea for support in the instrument he is they had a clever idea for support in the instrument he is they had a clever idea for support in the instrument he is they had a worked out on the basis of its member-states' gross national product. (See table). ments of nearly 160 European research centres. LEP is 27 kms in diameter; so big that only an are falls Sir John Kendrew has been investigating CERN not on be-half of the British Government

United Kingdom choice of "inspector" to con-duct such an inquiry. Highly respected in molecular biology, he has been both a government Switzer

other

within CERN's campus, with most of its circular subterranean innnel penetrating France as the foothills of the snowcapped Jura mountains. CERN's member-states agreed to the investment in 1981, on condition was financed out of its At the half-way stage, LEP is keeping close to timescale and

drafting its first corporate plan covering all its activities for the budget with completion fore-cast for the end of 1988, "withnext five years, and must decide whether to continue to spend in a few per cent." of estimated cost, Prof Schopper forecasts. about £60m a year on atom-smashing, out of a budget of mashing, out of a budget of for CERN, the big question is whether it will be able to finance the next atom-smasher. Europe's physicists recognised

CERN expects to complete its £200m instrument in 1988.

Atom-smashing bigger instruments

sector of science

than any

boosting its energy by the mid-1990s. Then it will become LEP 2. The existence of this plan is tacit admission, of course, that LEP 1 is not expected to achieve the ultimate revelations.

> conver last month to discuss the future of atom-smashers, attended by Prof Schopper and his top staff, the Americans conceded CERN's current leadership. But they outlined bond plans for regaining the lead by leapfrogging CERN in the 1990s with their "super-conducting super-collider," a colossal 160 km in diameter,

They expect it to cost at least \$3bn, but are convinced that the U.S. Government will pay it. CERN is much less sure that member-governments will encourage it to remain in a race the costs of which have been rising, while the winning-post remains well out of sight

One compromise is that CERN might win permission to proceed with LEP 2, but more slowly, so that the project can be funded out of a static or even a falling budget. This sounds reasonable if the Americans fail to win approval Europe completing a less power-ful machine later than the U.S.

CERN's problems are com-pounded by administrative troubles, such as the discovery that it must top up its pension fund, at a cost that will absorb about 5 per cent of its budget from 1989-90. It has already concluded that it must begin to cut its scientific staff. Henceforth it will be replacing only one in every two who leave.

CERN has mounted an internal child.

study of its problems. The task has fallen upon its Nobel prize-winning Italian physicist Dr Carlo Rubbia—potentially its next director—who has been asked to draft a plan for the laboratory's long-term future. That future may lie in co-operation rather than competition with others to build the

Britain's critique is not the cause of CERN's deep-rooted troubles. The Kendrew critique may even help by ex-plaining for a wider scientific audience the significance of CERN's achievements and

particle physicist remain eso-teric, the technology of atomsmashing already finds other uses. Miniature versions of atom-smashers are now widely available for other kinds of research, including the most dvanced biological and medical

In the U.S. and the Soviet Union, the technology is also being explored as a potential weapon, capable of directing destructive amounts of energy over long distances at almost the speed of light. CERN's convention expressly forbids work for the military and stipulates that "the results of its theoretical work shall be published or made generally available." But member-states remain free to use the experience they gain through CERN. Prof Schopper himself accepts that "what we cannot avoid is people using our

results."
What CERN most urgently activities to be seen to be using the results of research which, in the past, has given immense satisfaction to just a handful of The privatisation of British Gas

## A delicate balancing act for the regulators

By Gerald Manners

IN ANNOUNCING the Government's decision to sell the British Gas Corporation to private investors, the Secretary

It will be necessary, however, for Covernment so to regulate the private corporation that it cannot abuse its considerable cannot abuse its considerable market power. Partly this can be achieved by Government retaining some of its existing functions, and partly by establishing a new and independent agency—call it, say, the Office of Gas Regulation and Efficiency (OGRE)—which will be charged with protecting the public with protecting the public

The nature and the likely effectiveness of this regulatory body will substantially influence the financial prospects of the Corporation, and will affect the valuation placed upon the BGC by the financial markets. The Gas Corporation and the City of London will both undoubtedly press for the minimum amount of interference in the private utility's affairs. And the Gov-ernment, anxious to maximise British Gas's present worth, might be tempted to do the

other and longer-term responsi-Certain powers over the gas

industry must remain in the hands of Government. At hands of Government. At the production stage of the industry's operations, only the Government can allocate exploration and production licences and set the industry's

Through its statutory powers over the construction of undersea pipelines, the Department of Energy has an influence upon the origin and the scale of gas imports.
The Government in con-

sequence will continue to have a major role not only in influencing the scale and the origin of gas supplies available to the private utility but also, lues directly, their beachhead

It is at and beyond the beach-head that the Government could tions to an independent regula-tory body. For example, OGRE could serve as an arbiter in disagreements between the Gas Corporation and the explorer-

producers. It could also take have been obliged to play an over the task of supervising active part in promoting energy tariffs for the gas transmission conservation, offering for system if and when it is used as example free or subsidised of State proposed that realistic a common carrier. In the tests of performance would be substituted for bureaucratic or political ones.

It will be necessary, however, the area boards' tariff structure.

The criteria on which OGRE will be required to make its judgments will have to be clearly and publicly defined in the enabling legislation. And the manifecture of consumer the monitoring of consumer service and of safety standards throughout the distribution system will also presumably pass into the hands of the regulatory body. OGRE will doubtless absorb the work of the Gas Consumer Councils.

But there is a further area where careful thought about the role of

Government must retain some powers over the industry

It follows from the increasing recognition both nationally and internationally that the structure of energy markets frequently permit and even encourage a serious misallocation of capital resources between the supply industries on the one hand and the opportunities for energy conserve. tunities for energy conserva-tion and demand management on the other.

a regulatory body is required.

While some North Sea investments, like many energy efficiency measures, yield a very handsome return and have payback periods of two, three and four years, some invest-ments are almost certainly being made in the gas supply system which have very much lower rates of return. After all, the formal investment criterion for nationalised industries is a real 5 per cent internal rate of return. Yet abundant oppor-tunities for energy efficiency investments yielding double or three-times that rate abound. Can OGRE be so established that it will serve both gas consumers and the interest by so doing?

In some parts of the world,

public and private gas utilities

9.45 Alarm goes off

11.45 Depart Luton

14.30 Clear Customs

14.50 Arrive Meeting

19.00 Meeting Ends

**20.10** Arrive Luton

20.25 Clear Customs

MEETING

19.20 Arrive Dijon Airport

19.35 Depart Dijon Airport

21.10 Arrive Central London

10.45 Depart Central London

Air Centre, Luton

14.20 Arrive Dijon Airport

11.30 Arrive at MCAlpine Executive

home energy audits and encouraging investments in demand management through say, the promotion of third party finance. Utilities in some required for some time to demonstrate to their Public Utility Commissioners that any new investments they might new investments they might like to make in securing further energy supplies are likely to be more advantageous to their consumers than alternative investments in energy conservation. The benefits of such procedures should be captured for cedures should be captured for consumers in this country. They would sit logically alongside the work of the Energy Efficiency Office. They would heighten the visibility and accelerate the adoption of conservation opportunities throughout the whole energy economy. But there are problems,

Most of the investment in new gas supplies is and will continue to be made by national and international oil companies. The Corporation generally purchases its gas from them, and investment in its own production facilities is the exception rather than the rule. Second, it would perhaps be

wrong to impose a responsibility for conservation initiatives upon the gas industry, when a similar responsibility is not required of the electricity, coal

However, the utilities' have such a privileged position in the energy market that their remore balanced approach to the satisfaction of energy needs cannot be qualified indefinitely. The need to create an OGRE, therefore, provides an excep-tional opportunity for the Secretary of State for Energy, who has put so much of his personal authority behind the promotion of a more energy efficient Britain, to devise a means whereby the balance between investment in new energy supplies and investment in energy demand management can be

The author is Professor of Geography at University College London, and Adviser to the House of Commons Select Committee on Energy.

#### Retention of wages councils

From the Director,

Sir.—Samuel Brittan's fervour to abolish wages councils (May 30) appears to have developed into a form of "supply-side paranoia." The symptoms of the condition are disturbing: the patient begins to lose grip on reality, believing himself to live in a world which conforms to that described in the economic text-books. This leads to delusions that markets left to themselves will always optimise efficiency, employment and well-being. This last conviction takes on the role of a self-evident truth, such that those present-ing evidence to the contrary are considered to be motivated by self-interest or malice. In serious cases, the sufferer can also experience tunnel vision.

In Samuel Brittan's case the condition seems to have been triggered by the shock of discovering that the abolition or serious weakening of wages councils has met with wide-spread opposition. The Low Pay Unit is dismissed as a pressure group—part of the "indus-trial relations establishment." The CBI's opposition to wages council abolition is characterised as a fear of competition. The all-party House of Commons employment committee which recommended the retention of wages councils is described as lacking impartiality (except of course Mr Peter Thurnham, the one member of the committee who wanted the councils who wanted the councils abolished on the grounds that we would be better off "if the country was one sweatshop"). No doubt the Home Office committee of inquiry, which also recommended the retention of wages councils, was similarly biased in its motives. But what

## Letters to the Editor

who, according to a recent opinion poll, favour the retention of minimum wage protection?

haif of the Bridgest contributor—its third largest contributor—but for Britain'ss scientists, who find they are faced with far more exciting opportunities for new research than their budget of about £600m can embedded.

science adviser and the director of a similar European science

collaboration.

His report on CERN goes to

mic realities of life in his text-book world. Patrick Minford and Peter Thurnham might have been among the 7 per cent of respondents in the north-west who favoured abolition of the wages councils. But this is itself no indictment of the economic validity of the views of the 89 per cent who favoured their retention.

Chris Pond. Low Pay Unit, Upper Berkeley Street, W1.

Raising the VAT ceiling

From Mr A. O'Donnell Sir,—Would not the demand by Customs and Excise for an increase in manpower to com-bat the ever increasing growth of the illegal drug industry, further increase Government

spending? Could not this demand be partly met by redeployment, simply by raising the limit for business registration for VAT to £150,000?

It is my understanding that 90 per cent of VAT raised, comes from 10 per cent of businesses so registered. The 10 per cent VAT remaining is raised by the other 90 per cent of registered businesses, requiring the largest number of Customs and Excise staff to collect and administer the smaller amount of tax so raised (10 per cent). This manpower could usefully be transferred to combatting the ever increasing drug problem at very little extra cost to government.

achieved by the increased profitability of the previously registered businesses by the removal of this costly overhead Mr Brittan will argue that these misunderstood the econothus increasing the tax yield for the Inland Revenue.

A O'Donnell National Federation of Self Employed and Small Businesses, 136A Rabbacombe Road Bromley, Kent.

> Import controls on cars From Mr R. J. Moreland

Sir.—You report (May 31) Mr John Smith — Labour's spokesman on Trade and Indusry—as stating that the Labour Party would impose import controls on car imports, I suggest Mr Smith would find that such action would quickly bring trouble. Most of our imports of cars come from the

other member states of the European Community and from Spain, which is shortly to become a member. Under our treaty obligations such controls on E.C. imports would be illegal. Indeed I suggest, regardless of E.C. membership, such action would also cause retaliation against our exports.

The answers to the problems of the car industry lie primarily in improved productivity, marketing and industrial relations. In other words the answers he in the UK and not in restrictive attitudes towards others. Robert J. Moreland

7 Vauxhall Walk, London SE11. Admiring Huguenot

From Mr Randolph Vigne Sir,—Membership of this Society is not, as stated by Sir A further bonus would be Roy Strong in his review of the

Huguenot exhibition at the Museum of London (May 23), only for "those of proved descent from those who fled from France when Louis XIV revoked the Edict of Nantes The forefathers of many of us took refuge here from 1530 onwards, and per-haps as many again (including only factual error in his excelthis correction. Randolph Vigne, President. Huguenot Society of London, Huguenot Library, University College, WC1E 6BT

wheats

From Mr B. C. Read Sir,-In John Cherrington's article on May 21, highlighting the problems being faced to ensure that agricultural and food research in this country gives the industry and the consumer what it needs, there is an implication that our plant breeders have only produced feed quality.

feed quality.

This fails to recognise the achievements both of the plant breeders and of the British milling industry over the past few years. The facts are that the proportion of home grown wheat and by Printe millers. including its own research association but equal important by the availability of quality varieties, most of which

varieties of the same quality in

the pipeline. Let us recognise the achieveat the lowest possible cost. Bryan C. Read.

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DAYI

DAY

6.30 Alarm goes off

7.30 Depart Central London

8.15 Arrive Heathrow

8.55 Depart Heathrow 11.25 Arrive Lyon

(nearest scheduled airport to Dijon)

11.45 Clear Customs

11.55 Taxi to Rail Station

12.49 Depart Lyon Station

14.33 Arrive Dijon Station

14.50 Arrive Meeting

MEETING

19.00 Meeting Ends (You've missed the last scheduled flight from Lyon so you've had to book a

hotelin Dijon) DAY 2

(There is no train connection to catch

the morning flight from Lyon.) 15.45 Depart Dijon station

17.43 Arrive Lyon Station

17.50 Taxi to Lyon Airport

18.20 Arrive Lyon Airport

19.00 Depart Lyon Airport

19.30 Arrive Heathrow 19.45 Clear Customs

COST£1,560

20.30 Arrive Central London

(not including train fares, taxis and hotel bills).

COST£1,900

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of the Church leaders, members of the Conservative party, and the rest of the general public

> Sir, - Professor Dennison (May 28) takes Lord Kaldor to task for his account of the trades board protecting the efficient firms against "the intrusion of a large number of parasitical firms who were highly inefficient but who could nevertheless compete with the old-established firms by making

From Frank Field, MP

use of sweated labour." Professor Dennison tells us that Lord Kaldor's account, based on a lecture by R. H. Tawney, "is completely illu-sory." Professor Dennison, though perhaps not all your his appointment to the Ratan sides of the current debate. A rata Foundation. This body minimum wage sat at a modest carried out four major studies

which the foundation addressed itself has a topical ring, namely,

Trade boards and unemployment

I have a copy of only three of these studies, and each of them—on chain making, paper box and tailoring-reports little

quently." So it would appear that the study of what actually happened when Britain first introduced readers, will know that the lec- a minimum wage—as opposed ture referred to was an in- to what the theorists say will augural one Tawney gave on occur—has lessons for both

of the impact of the trades workers. The Ratan Tata studies boards. One of the questions to show that firms were quick to whether a minimum wage causes unemployment.

unemployed. But Tawney remarked that "new workers would be taken on less fre-

show that firms were quick to adapt to modest wage increases without making adjustment to unemployment levels. One cannot, however, argue from this that a minimum wage set at two-thirds average earnings and achieved over a three-year period will likewise have no effect on the level of unemployment. It clearly will. Similarly, it is important to underline Tawney's point that the move, while benefiting those in work,

had important repercussions on the level of recruitment. While it would be foolish to argue too much on what happened 75 years ago, likewise it would be wrong to dismiss totally what Tawney and his researchers recorded.

officers and council members) claim no Huguenot ancestry, but all subscribe to our objects: the publication and interchange of knowledge about the Hugue-nots, and the forming of a bond of fellowship among those who wish to perpetuate the memory of the Huguenot refugees and admire their characteristic virtues. As this was Sir Roy's lent review (and does rather misrepresent us as ancestorworshippers) perhaps you will not think us ungracious to seek

Bread quality

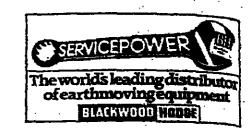
wheat used by British millers has increased from just over 40 per cent 10 years ago to the current figure of 82 per cent. This has been achieved in part by research into new techniques. by the British milling industry,

were bred by the Plant Breeding Institute at Cambridge. In the current list of wheat varieties recommended by the National Institute of Agri-cultural Botany in their advice to farmers, two of the highest yielding new varieties, Moulin and Brimstone, which will be available to farmers over the next few years have the breadmaking quality required by the British milling and baking industries and there are other

ments of the scientists, the farmers and the millers working together in partnership to provide what the consumer wants

PO Box 9, Cig Flour Mills, King Street, Norwich NRI 2DE.

Gareth Isaac has all the details on (MER) 500000.



## **Technip** rescue approved by Paris

TECHNIP, France's leading process and industrial engineering contrac-tor, yesterday obtained FFr 2bn (\$214m) of new funds under a rescue package designed to wipe out losses and put the company back on

At the same time, Mr Pierre-Marie Valentin, appointed chairman in February, is expected to seek further job cuts among the 2,300 employees in an effort to make Technip more flexible in line with similar changes among Far East and

Technip, which has traditionally been a heavily staffed company geared to winning large turnkey contracts, has suffered from the drop in refinery and chemical plant construction worldwide, and from the growth of competition among oil producing countries.

Under the rescue plan drawn up on government initiative. French banks are to write off FFr 428m of loans while extending fresh credits of FFr 400m. The group's main shareholders have also agreed to put up FFr 1.1bn to wipe out existing losses and reconstitute the group's capital with a new FFr 300m equity base.

Under the new capital structure. Elf-Aquitaine, the state-owned oil group, will hold 33.1 per cent of the shares, the Institut Français du Petrole 27 per cent, Total 13.3 per cent and Gaz de France 13.3 per cent. Elf will also temporarily hold a 13.3 per cent stake for a financial institution that has yet to be named.

Elf has made no secret of its dislike at being drawn so heavily into a rescue operation for Technip.

Last year it resisted moves to increase its share in Technip's capital from 25 per cent to 33 per cent on the grounds that it did not believe the engineering group should be so dependent on one oil company.

Newly audited accounts by Arthur Andersen are believed to have put Technip's consolidated losses last year at close to FFr 1.8bn. Technip has still to publish its 1984 ac-

These losses stem in part from pany which Technip purchased before Creusot-Loire, the parent

group, went bankrupt But the losses also include heavy provisions for Middle East contracts which Technip took on sometimes at a loss to sustain activity in a falling market.

Under the chairmanship of M Valentin, a former finance director of Elf's chemical division, the group is being pushed more towards engineering consultancy work to make maximum use of its skilled engi-

## Peugeot given FFr 2bn state loan for car launch

granted Peugent, the private French car group, a FFr 2bn (\$214m) loan to help finance the company's new investment for the launch of a new mini car next year.

Peugeot had applied for the loan at the end of last year from the French Government fund for industrial modernisation. The loan will support the invest-

ment at the Peugeot group's Citroën plant at Alnay, near Paris, which will produce a new Citroen mini next year to replace the existing Vi-

M Jacques Calvet, chairman, confirmed last night that the fund had approved the loan to the Peugeot

The medium-term loan carries a 9.25 per cent interest rate which is below the prevailing interest rate in France of around 12.5 per cent. The fund advances loans to support French industrial projects. Renault, the troubled state-owned car group, is also expected to receive a similar loan from the fund this year.

Moreover French Government sources have confirmed that the Government had agreed to the financing package requested by Renault to help the state car group reduce its huge financial charges and heip it on its way to recovery.

Peugeot had hoped to receive a

new loan before the end of last month. However, it now expects to receive the funds in the course of

**FINANCIAL TIMES REPORTERS** 

THE British Government is under-

stood to have approved the BL cor-

porate restructuring, but is urging

Austin Rover, the volume cars com-

pany, to buy an engine and gearbox from Honda of Japan – a move that could cut about £250m (\$320m) from

the planned £1.8bn investment pro-

Rover chairman, is expected to

open talks with Honda on the en-

model, scheduled for the late 1980s.

Whether a deal might be struck

doubt. Mr Musgrove is committed

to Austin Rover retaining the abili-

ty to design its own engines, with-

out which, he argues, the UK will become a mere assembler of cars,

dependent upon outside technology.

But the UK Department of Trade

and Industry, which has been examining BL's five-year corporate plan since it was submitted last No-Agreer

Mr Harold Musgrove, the Austin

placement for the current Metro next year.

with the Japanese remains in to build the Japanese cars, which

plan since it was submitted last No-vember, has recommended that the to develop jointly a new middle

THE FRENCH Government has dustrial modernisation fund do not constitute a straight subsidy be-cause of the unusually high level of interest rates in the French market. At a time when inflation is running at about 7 per cent and interest rates are at 12.5 per cent, the

French car group claims the 9.25 per cent rate of its new loan repreents a reasonable market rate. Peugeot last night reported lower losses of FFr 341m last year, compared with a group loss of FFr 2.59bn in 1983.

M Calvet said he expected the ompany to break even this year after several years of losses.

M Calvet warned, however, that there were still uncertainties which could jeopardise the group's return to the black this year. The outlook for the French and European car markets continued to

be a source of concern as were group sales to Iran and Nigeria. The lower than anticipated losses last year include an extraordinary gain of FFr 775m from tax carryback credits on losses from previ-

Without this special gain, group losses totalled FFr 1.116bn last year, or 57 per cent less than in

The group also saw an increase in investments last year which rose to FFr 4bn from FFr 3.67bn in 1983. The group expects to see a sharp inse in investments this year connected with the launch of the new Peugeot medium-sized car later this The French private car goup has argued that the loans from the in-

Honda engine to save £250m

ternative economies suggested by

assemble Honda cars under con-

Austin Rover would have to in-

vest more than £30m in its facilities

could climb to a volume of around

100,000 a year within three years.

For Austin Rover, the deal pro-

vides volume for its under used pro-

duction facilities. For Honda it will give a platform from which to sell into the European Economic Com-

Honda will have no equity stake.

but originally rejected by BL.

Austin Rover urged to buy

The group expects to maintain a sustained rate of investment in coming years.

Pauseot group sales rose 6.9 per cent last year to FFr 91bn compared with FFr 85bn the year before. Group sales were boosted by the commercial successes of the Peugeot 205 supermini and the Citroën The French market accounted for 46.8 per cent of sales last year, the other European markets for 37.4 per cent and sales outside Europe the remaining 15.8 per cent.

The group, following major restructuring in past years, managed to hold operating costs down last year to a little less than 6 per cent. If Calvet said the workforce had been reduced by 8.5 per cent from 181,500 in 1983 to 185,600 at the end

The group's long-term borrow-ings last year totalled FFr 1.769bn pared with FFr 1.188bn the year before. The increase in long-term borrowing was designed to consolidate group debt and strengthen capital funds.

Arthur Smith, Midlands Corredent, in Birmingham adds: Talbot, Peugeot's UK subsidiary, is to lay off about half of the 2,250 er than a supporter of any Green workers at its Coventry engine factory from next Monday because of

Work on the £130m (\$162.5m) a year contract to supply car kits for assembly in Iran is being halted because stocks already stand at 30,000

models. A Government statement

expected for some weeks. The issue

gument that Austin Rover must re-

But a viewpoint which seems to

Government is that increased coll-

aboration between Honda and Aus-

tin Rover will strengthen the state-

owed company in the short term

and pave the way for eventual pri-

It is argued there will be no over-

all loss of jobs at Longbridge, where

the present Metro engine and gear-

box are manufactured, since addi-tional labour would be required for

ment and the private backers of the

Dr Boyson admitted the Government was unlikely to recover much of the £56.28m (\$72m) it had put in-

to the project. It was clear that the company had no major financial re-

He revealed a breakdown of the

Government aid. Up until Septem-

ber 1982 the Government had provided £25.32m, and under a new agreement last year had paid out a further £17.87m. In addition other

The Government will also lose

grants amounted to £1.28m.

## Hoechst chief warns on Greens

THE OUTGOING head of Hoechst, the West German chemical concern, has charged into a political minefield by voicing fears about party manceuvring in the company's home state of Hesse.

Professor Rolf Sammet, who retired as chief executive yesterday, expressed alarm at the possibility that a member of the Greens, the environmentalist party, might be-come the state's minister for the environment and energy.

Even before this emerged, he said, he was already worried that Hoechst might not be able to invest in its home state under realistic conditions in the future because of stringent controls.

The idea that a Green might become a minister in the state government was thrown into the political arena recently by Herr Holger Boerner, the wily Social Democratic premier of the state.

Herr Boerner is a staunch pragmatist and a master tactician rathpolitical idealism. By suggesting that the Greens assume a measure problems with its export contract of political responsibility, he has with Iran. Greens on the spot.

What he is after is backing for

budgetary proposals so that his administration, which is in a minority state parliament, can stay in office. But he has threatened to call an election if the Greens refuse to co-

For the last few years Hoechst has been engaged in a running battle with the Greens, who have singled it out as an easy political target in their campaign for re-

companies, including Bayer and BASF, have also felt obliged to mount a steady defence of their activities in the face of environmental and health critics

Addressing 2,000 shareholders at the annual meeting yesterday, Prof Sammet warned that local politicians should make sure that companies remain able to compete in ex-port markets. He said Hoechst had already been forced to drop a plan to build a coal-fired power station at because of politically inspired con-

have gathered support within the Prof Sammet's remarks drew immediate fire from a youthful Green politician, Herr Thomas Schlimme. one of a small band of Hoechst critics at the shareholders' meeting. Hoechst could have built its power station, he claimed, if it had been prepared to include a desulphurisation plant such as those marketed by Uhde, one of its own subsidiary

For several years, members of the Greens have been exploiting the opportunity of putting their case at Hoechst's annual share-holders' meeting. Having bought Hoechst shares, they have insisted on a right to address the meeting.

Hoschst executives have con-cluded that they have little choice but to hope for reasonable co-opera-tion on the part of the Greens at these meetings. But the great majority of shareholders are clearly antagonistic to the youthful iconoclasts and regard them as abusing the rights of public company share-

#### **London SE** reform set for approval

His assurance received loud ap-

The Stock Exchange has been at-tempting, together with the Bank of England, to keep the cost of entry of outsiders to no more than £700,000 (\$896,000) so as not to deter potential participants from using the ex-

yesterday's meeting from Mr Jeremy Lewis, a partner with stockbroker Seymour Pierce and a member of the ruling council. Mr Lewis was a member of the five-man ad hoc constitutional committee which had drafted the proposals for Resolution 2. He urged that members should vote against the resolution as the constitutional issues needed to be

One broker urged that the meet ing and the vote should be ad-journed until September but that was rejected by Sir Nicholas. Sir Nicholas asked the members

THE LEX COLUMN

## Instant equity from Nestlé

While the members of the Lon-don Stock Exchange were deciding yesterday whether to allow foreigners and other aliens on to their floor, Nestle was pointing the way towards a market which could do without stock exchanges altogether. The Swiss company announced that it was raising SwFr 360m through an international issue of bearer par-ticipation certificates, better known in the London market as shares. By Nestle's standards, the money

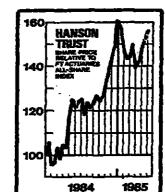
involved is fairly modest. The issue will increase the group's equity base by only 2 per cent. But that is hardly the point. Like Alcan and Es-selte before it, Nestlé has reached the interesting conclusion that the best place to issue stock cheaply and internationally is not a stock exchange but the Euromarket. The equity is being distributed to the traditional retail buyers in the Eurobond market and transactions will be cleared and settled through the Euromarket network rather than through a stock exchange.

In relation to a conventional London offering, the fees look high at an aggregate 3.5 per cent. But then, as the stock is being issued without a discount to the market price, the fair comparison is with the domes-tic U.S. market and not London. And in relation to Wall Street the fees are by no means exorbitant.

The advantage to Nestlé is that it secures a more international shareholding base, reflecting the broad spread of its own operations, at an attractive price. The purchaser, meanwhile, avoids the risk of disappointment from an oversubscribed offer and is able to buy and sell the securities cheaply through two euromarket clearing systems. The of the loan stock has depressed net practice of issuing equity in the eu-romarket has a number of disturbing implications, not least of which acquisition is the problem of investor protection. But, first and foremost, it represents a powerful challenge to the

#### Hanson Trust

As the ultimate sponsor of the EverReady Derby, even Hanson Trust must envy the instant capital uplift guaranteed the winner of today's horse-racing classic. Still, ing a 28 per cent increase in under-lying UK profits growth in the half-year to March. If the overall in-



crease was short of expectations, costing 7p on the share price, this was because the City of London unaccountably missed the effect of currency-led imports and lower consumer expenditure on the U.S. textile and shoe businesses.

Conveniently, it is EverReady this time showing the margin im-provements of the classic or "sweated" early phase of the Hanson treatment. There is no reason for this not to extend to London Brick with facing bricks rather than alkaline manganese playing the added-value role. But the same attention to reducing costs should see U.S. Industries, for that matter, adding perhaps £100m to its operating prof

The interim balance sheet shows just how smoothly the Hanson animal is moving. Despite an unchar-acteristic addition to working capital (through London Brick) and a mere £30m or so in net cash gen-erated from trading, the conversion borrowings to the point where, traditionally, they sebound in a large

#### **Bank America**

Tremors from BankAmerica have profitable the everyday business of it is worrying that BankAmerica's pear to offer some latitude for a rebatteries and bricks can be, display- loan loss provisions for this quarter duction in base rates but calcula-

short-range foresight rather week-ens the credibility of claims to know that the total write-off for 1985 will be of the same order as

1984's 5900m.

Despite this, the embattled position of Mr Armacost as chief executive is probably no more insecure than before; to change drivers at this stage would only compound be bank's troubles by adding another managerial risk. And it does appear that BankAmerica's current problems may just about be confin its own business and to this quarter, on balance, the operating numbers for the remainder of the year should be improving.

A change in the method of t ing foreclosed mortgages is not likely to recur, and neither is the need to write off an offshore banking subsidiary (not even located in Lat-in America). The fact that BankAmerica is taking write-downs on con-dominiums in Florida and Texas rather than in San Francisco at any rate lessens the need to start worrying - on this evidence -

#### Interest rates

In contrast to last month's astonishing money supply figures, yes-terday's set for banking May was reassuringly close to everyone's forecasts. But, while the monetary economists were relieved, the finan-cial markets were a little frustrated at being given no clue to the likely direction of interest rates.
But, while another awful bank

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lending number yesterday might have arrested a fall in base rates, the monetary aggregates are clearly being subordinated to the exchange rate as a guide to interest rate policy. Indeed the Treasury these days has considerable diffi-culty in finding the term Sterling M3 in its lexicon of infinential phrases. If exchange rates are indeed the key, then the authorities may prefer to wait until the Opec become so much the norm lately meeting beginning on June 30 be that nobody should have been from they encourage anything more greatly surprised at vesterday's than a quarter point reduction in rates. Sterling appears unequal to the task of breaching \$1.30 at the breakeven. BankAmerica's earn- moment and yesterday shed almost ings have been on a steadily declining trend since 1980, and its return on assets microsopic. Nevertheless,

## Slower growth in **UK** money supply

Continued from Page 1 the last three months was 19 per

Inflation figures due out later this month are also widely expected to show a further acceleration in the annual inflation rate, perhaps to 7% per cent. That would leave room for only a very small - perhaps ½ point

cut in base rates.

London brokers James Capel estimated that if the Treasury was to meet its target of keeping sterling M3's average annual growth rate the issue of £800m of 10 per cent M3's average annual growth rate over 1985-86 down to 9 per cent or below, then there was scope for monthly increases of only 14 per

Government officials, however, were playing down the significance of the recent strong growth in the broad money supply measure and of bank lending to the private sec-tor, which rose by a further £1.4bn (\$1.79bn) in May.

Instead they were emphasising the % per cent fall in the narrow money supply measure. Mo, which kept it well within its target range,

the strength of the pound, and the high level of real interest rates. The official view, which echoed recent comments by Mr Nigel Lawson, the Chancellor, was that all these factors pointed to present

ciently tight.
The Bank of England, nonethe less, showed its desire to maintain

ly paid form from tomorrow. On the foreign exchange markets the pound fell 1.75 cents to \$1.2770 at the London close, partly reflecting an overall improvement by the dollar but also investors' concern over the possibility of a fall in oil

Official figures released by the Treasury, however, show that the authorities were able to take advan-tage of sterling's strength to buy

## London 'knew of plan to close Lear Fan'

company should seek a deal with range car, code named the YY, Honda. The move reflects concern which will eventually replace the

about Austin Rover's market per- present Maestro and Rover 200

formance, and buying a Japanese models. A Government statement engine was one of the series of al-

the Prime Minister's policy unit, of the Japanese engine has but originally rejected by BL. emerged as a political issue, with

Backing has been given for the Labour Party and the trade proposal that Austin Rover should unions backing Mr Musgrove's ar-

tract. The first cars go in at the tain the capacity to design and

Continued from Page 1

cy - under which the assets of a day refused to disclose whether the company are normally liquidated - company or the Government initiat-but has so far made no filing, according to Denver court officials.

The company of the Government initiating the company of the company The Learavia and Lear Fan Cor- Ireland late last year that the Govporation filings, made in Reno, Nevaluation filings for the Northern Ireland arm of

Lear Fan 10 days ago.

The appointment of a UK receiver followed the closedown of the group's Belfast manufacturing aging director of Davidson, a Bel-plant and the project's Nevada re-search and development operation was not prepared to discuss what search and development operation 10 miles outside Reno.

Under U.S. bankruptcy law a company normally seeks protection from creditors under Chapter 11 while it attempts to work out a reor-Ms Sheryl Skikin, a local lawyer

who prepared the filings, confirmed yesterday that the filings were made "with the intention of reorganisation." She said that details of the filings, which will list assets and creditors, will be available in about 10 days. She added however about 10 days. She added, however, that the two companies had "few assets" and were not the major units in the Lear Fan group.

In Nevada the state's labour com-

former Lear Fan workers have filed complaints against the group claim-ing pay and other benefits. The commission said it has begun an investigation into the collapse and would prepare claims against the company on behalf of the workers.

About 105 workers were employed at the Base facility when it was

ed at the Reno facility when it was closed down. Most of those workers, like their colleagues in Northern Ireland, are now looking for new

Ell.81m over which it stood as guaranter to the Ulster Investment jobs.

Our Belfast correspondent adds:
The Northern Ireland Industrial The Northern Ireland Industrial Development Board, which had hoped the project would create 2,500 jobs in the province, yester the numbership had already been stop trading released the Government to pay been told that a full vote of the entire ment from its commitments to pay been told that a full vote of the entire membership was to be taken in a 34.79m which was still outstanding to the company.

The IDB whose nominee directors were Mr John MacAllister, one of two deputy chief executives of the IDB, and Mr Bill Stafford, man-

Continued from Page 1 Dr Rhodes Boyson, the Northern Ireland Industry Minister, revealed in a Commons written reply on Monday that the Government was

taking legal advice on the question of who owned the rights to Lear Fan's technology. The Government has also appointed a receiver who will help unravel the complex agreements between the Govern-A surprise intervention came at

explored in greater detail.

to vote on the resolutions by a show of hands, which one broker estimated went 80 to 90 per cent in favour of Resolution 1 and about 70 per cent in favour of Resolution 2. As

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## SECTION II - COMPANIES & CAPITAL MARKETS

# **FINANCIAL TIMES**

Wednesday June 5 1985



## Lurgi remains cautious after upturn in orders

BY JOHN DAVIES IN FRANKFURT

PRGI, the West German engineer g and process plant company, has reased its order book this year ut is cautiously holding firm to its and cost-

or Dietrich Ertl, the chief execueve, said that all branches of Luras business were fully occupied and even large scale projects were Pappearing after a drastic world shortage of orders in recent years. But it was still unclear whether inis amounts to a turning point in the industry, signalling a new up-ward trend in orders for plant installation. We are inclined to be sceptical," he said.

Dr Ertl said that new orders reached DM 1.55bn in the first eight months of Lurg's current financial year. This compared with new or-ders of only DM 900m in the whole of the 1983-84 financial year to last September 30 and of DM 12bn in the 1982-83 financial year.

Last year's order inflow, howver, was better than it seemed, he said, because it did not take account of DM 400m in letters of intent for projects. Most of these had since become firm orders, buoying up the current year's order book.

Moreover, Lurgi had avoided unprofitable orders and had also obained a number of valuable deals involving just engineering work rather than larger-sounding deals involving the sub-contracting of equipment manufacture to outside

Third-quarter

gain for Gulf

and Western

LURGI: SOURCE OF NEW ORDERS

gi's continuing rationalisation, out- ects commissioned. side experts were studying the jobs of 900 employees and Lurgi expect-

Last year, Lurgi streamlined its structure, concentrating five spe-cialist units into a single company. It has also pressed on with a slim-ming down process, its workforce declining to 4,600 from 5,400 in Sep-

However, Dr Ertl said that Largi remained expansive in its attitude to research and development and in the recruitment of young qualified engineers. In the last financial year it had contributed a "good profit though not a peak one" to its parent company, the Metallgeselischaft metals and trading concern, but he dorf in Bavaria. did not disclose details.

The drying up of world orders for

Dr Erti said that as part of Lur- Lurgi's orders and the kind of proj-

Eastern Europe and developing of 900 employees and Lurgi expected substantial savings from this exercise, countries, including Opec oil ed substantial savings from this exercise, countries, including Opec oil producing countries, placed as ercise. orders in the past. But last year they accounted for only 17 per cent.

While many large orders in the past were for chemical plant and installations for other industrial production, more than half of the new orders last year were in the broad including projects to reduce pollution from power stations and facto-

Dr Ertl said that Lurgi would reof millions" of D-Marks if West Ger many's nuclear reprocessing plant was built as scheduled at Wackers-

Lurgi and its partner, Uhde. a The drying up of world orders for process plant - partly as a result of into the consortium, headed by recession and international debt Kraftwerk Union, which recently problems - has brought about far- won a DM 5.2bn order to build the

### Coca-Cola to cash in \$750m receivables

By Our New York Staff **JULF & Western, the New York**based conglomerate, reported a sharp rise in net income for the third quarter to \$53.6m, or 76 cents a share, from \$36m, or 53 cents a

share, in 1984.
On an underlying basis, however, the company showed no profits growth at all, the results this year being helped by the absence of a \$23.7m writedown incurred last year on its food products division, which has since been sold. Adjusting for this item, earnings on con-tinuing operations showed a 9.7 per cent fall to \$53.9m

\$89% in early trading on Wall Street new picture production.

division, generates large receivable sible share repurchase later in balances and other value from con- 1985."

COCA-COLA, the world's biggest tractual rights involving the exhibisoft drink manufacturer, is raising tion of its theatrical and television \$750m by selling some of the receiver products. It is not uncommon in the ables of its entertainment opera-entertainment industry for banks to tions and may use the proceeds to buy these receivables and contrac-buy back some of its shares. buy these receivables and contrac-tual rights, thereby freeing money Coca-Cola shares rose \$1% to for the film studios to reinvest in

yesterday, where the move was coa-Cola said yesterday that seen as another sign of the more ag-accelerating the conversion of gressive management style of the these financial assets to cash will company. Until recently, Coca-Cola enable the company to remvest has been one of the most conserva- these resources in higher return tively managed groups in the U.S. areas its entertainment and other tutes the company's entertainments short-term debt, and to make a pos-

### Hoechst sales 8.9% ahead at 5 months

chemical and pharmaceutical group, is continuing to benefit from buoyant business after strong first-quarter sales and profits.

Professor Rolf Sammet, the retiring chief executive, told the share-holders' meeting yesterday that parent company sales in the first five months of this year reached DM 8.6bn (52.14bn), an increase of

8.9 per cent on a year ago.
Earnings were bound to have shown a favourable development, too, he said, but gave no details. Referring to the group's worldwide first quarter sales of DM 11bn, he said: "The information we have for

April and May shows a continua-tion of this good trend."

Prof Sammet himself raised the question of whether last year's record sales and earnings could be re-peated this year. Without answer-ing directly, he said: "At the beginning of this year hardly anyone could have thought this was a real-istic possibility. Hardly anyone would have predicted that the U.S. dollar would take such a favourable course for us."

With so much of Hoechst's earnings coming from exports, every month increased the chances of a result as good as last year's, he

Prof Sammet, who retired from the management board yesterday to become head of the more elevated supervisory board, is being succeeded by Prof Wolfgang Hilger. A trained chemist, Prof Hilger has worked his way to the top in 27

#### Problem loans hit Royal Bank

By Robert Gibbens in Montreal

ROYAL BANK of Canada, the country's largest, reports earnings were down about 10 per cent in the sec-ond quarter ended April 10 and al-most 6 per cent in the first half of fiscal 1985.

The bank blamed exceptionally high levels of non-performing loans, mainly in the real estate and oil and gas sectors, and a continuing prob-lem with foreign loans.

Second-quarter net profit was

veloped for the Eurobond market

are now being used for other instru-

## HOW NABISCO BRANDS WILL REDUCE R.J. REYNOLDS' DEPENDENCE ON TOBACCO

SALES BY SEGMENT (\$111)

R.J. Raynolds

Reynolds takes the biscuit

Food & beverages

BY TERRY DODSWORTH IN NEW YORK

THE proposed \$4.9bn acquisition of Nabisco Brands by R. J. Reynolds, the second largest tobacco company in the U.S., is a mega-merger in the old-fashioned tradition of friendly takeovers. Completely at odds with the hostile, financially inspired bid battles that have dominated the takeover scene over the last two years, the merger's rationale is based on the twin objectives of diversification and product develop-

It will turn the tobacco giant into group generating just over half of ts sales in food, out of a total of \$19bn - about \$1bn more than U.S. 500 list. In addition, Nabisco brings into the group some of the most rec-ognisable names in the international food industry, from Planters Peanuts to Ritz Biscuits and Shredded

R. J. Reynolds has made it crystal clear in recent years that it is determined to become something more than a tobacco company. This attitude is derived from long-term strategic thinking rather than short-term financial considerations. indeed, there are few businesses that are as profitable to be in these days as tobacco in the U.S.

The present strength of the in-

dustry lies in the enormous market weight of the three big groups -Reynolds, Philip Morris (the largest of the U.S. companies) and American Brands. They operate in a highly protected environment, where there is only minimal new competition, considerable price elasticity and, unlike much of American in-

dustry today, no pressure from either foreign imports or deregulation. They are also highly profitable. Reynolds last year achieved a 26 per cent return on equity, while Philip Morris recorded a 22 per cent return, figures which put both of them up in the same league as IBM in the Fortune 500 lists.

Yet there are clouds on the horizon. The fall in cigarette consump-tion – down about 2 per cent a year

7,309 4,443 1,208 574 13,533 Up to now, Reynolds defensive di-

versifications in the face of these

challenges have had a patchy rec-

ord. In the early 1970s, the group acquired Aminoil, the second larg-

est independent U.S. energy compa-

ny, and the Sea-Land shipping busi-

ness. Neither company provided particularly good returns, and both

tied up an excessive amount of capi-

The sale of each of these opera-tions last year followed more prom-

ising diversification into the food

industry with a series of acquisi-

tions in the early 1980s. In this buy-

ing spree, Reynolds acquired the Del Monte canned and frozen food

company, Heublein, the liquor and

wine producer, and the Kentucky

Fried Chicken fast food franchiser.

The consumer products busi-nesses proved much more palatable

have given the group the taste for

further acquisitions in a consumer

and marketing oriented business which shares many of the charac-

For Nabisco, the takeover opens

up the possibility of further growth

than it might otherwise have

form from a merger of four years

ago of Standard Brands and Nabis-

ber four in the U.S. food industry.

teristics of the tobacco industry.

since 1982 - is beginning to look like a consistent trend in an in-creasingly health-conscious Ameri-

Research associate; Rivke Nachorra

dividuals about tobacco, public bans on smoking are moving rapidly into all sorts of areas which would have en unthinkable a few years ago. Smokers are prohibited in many parts of the public transport system as a matter of course these days and the bans are expanding steadily through cinemas, theatres, restaurants and other public places, in-

cluding some enclosed shopping

malls and, increasingly, factories

and offices. Less tangible, but potentially even more damaging, are the product liability cases being threatened by anti-smoking lobbies and lawyers up and down the country.

It is difficult to measure the odds on how many of these cases may get to the courts, and how effectively they will be fought, but the explosion in product liability litigation in recent years, the readiness of the courts to expand the role of the common law in this area and the massive punitive damages that have frequently been awarded are all factors that must cause more than the occasional flicker of anxiety in the boardrooms of the tr-bacco

grip on the cookie market, where it is the leading U.S. manufacturer, with 40 per cent of the market achieved with brands such as Chips Andy! Oreos and Almost Home. Maintaining this leadership is

equity.

costly, however, in a packaged food market which is becoming steadily more dominated by advertising. Earnings actually fell by 4 per cent last year because of its record promotional spending during what is known as the "cookie war," and its ambitious plans for growth part-ly depend on the ability to put more cash behind its products.

Its growth has not been particu-

larly sparkling, but its 5 per cent re-

against other big food groups such

as Dart & Kraft and General Foods,

and it sports a 19 per cent return on

It also has an enormously strong

Reynolds has these funds. At the end of 1984, the tobacco group had cash and short-term investments of \$1.3bn, and with long-term debt of only \$1.3bn against shareholders' funds of \$4.5bn, it also has substantial borrowing powers.

Even after financing the 51 per cent cash element of the offer for Nabisco, analysts say it will have plenty of capacity to fund the food division. Indeed, after recently completing a big capital investment programme of its own, its tobacco operations are expected to be highly cash generative over the next few than its previous acquisitions, and

Wall Street has decided that the complementary features of the deal make it look like a neat fit for both. Despite the mixed acquisition record of the tobacco groups - or, indeed, most nature companies in search of diversification - investors were sufficiently happy with the bid achieved. Emerging in its present this week to push the company's shares up by \$% to \$75 on the day of the announcement despite foreco, the company now ranks at numcasts of some first year earnings dilution.

This announcement appears as a matter of record only.

## The Imperial Life Assurance Company of Canada

has purchased

Trident Life Assurance Company and certain associated companies

from

The undersigned initiated this transaction and assisted

## General Re Corporation

in the negotiations

**European Banking Company** 

January 1985

#### This announcement appears as a matter of record only

## **BP Petroleum Development Limited**

Voyager Petroleums (UK) PLC

The undersigned advised the majority shareholder of the acquired company in connection with this transaction

**European Banking Company** Limited

### INTERNATIONAL BONDS Nestlé floats SwFr 360m certificates

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

NESTLE, the Swiss food and con-markets. sumer products group, is raising SwFr 360m through an international issue of bearer participation cer-

ton, Swiss Bank Corporation International and UBS (Securities) the deal follows on a trend towards international trading of equities that is rapidly developing in securities

closed yesterday at SwFr 1.200.

The sale will add some 2 per cent to Nestle's capital, which currently has a market value of SwFr 14.5bn, and is intended to bolster its equity in the U.S. without the disclosure requirements needed for a formal stock exchange listing.

Trade in the certificates could be placed privately in the U.S. without the disclosure requirements needed for a formal stock exchange listing.

Trade in the certificates could be placed privately in the U.S. without the disclosure requirements needed for a formal stock exchange listing.

Trade in the Sale will be settled through the Eurobond clearing

It involves the sale of 300,000 bearer participation certificates which will be priced at today's clostificates, believed to be the first of ing level on the Zurich stock exits kind by a Swiss company. change. The existing certificates

chairman said yesterday. Interest was keen in London and the Far

East and the certificates could be

these international issues," Mr

Hans-Joerg Rudloff, CSFB deputy

But the issue carries much larger fees than a Eurobond. Mr Rudloff said they total 3% per cent, made up of a 2 per cent selling concession, a % per cent management fee and % per cent for underwriting.

"We'll have more and more of as Credit Suisse in Zurich, under

# **EIB \$500m**

for U.S. bonds

Euro backup

THE European Investment Bank is arranging a \$500m underwriting fa-cility in the Euromarkets to back up an expansion of its borrowing in the U.S. commercial paper market. Goldman Sachs has been ap-pointed to arrange the deal, which

is similar to a \$250m operation arranged last year. The underwriting is being syndicated among the same group of five banks - Amro, Bankers Trust, Banque Nationale ternational - each of which is tak-

> Terms on the new facility include a he per cent annual fee, the same as on last November's deal. The new deal is, however, divided into two tranches, one of \$125m which is available immediately and the other of \$375m which is available on 21

The EIB can also issue Euronotes under the facility but it is understood that the primary purpose is to back up commercial paper borrowing. Actual margins on the standby creat are not being disclosed, but they are understood to be finer than those on last year's deal, which started at 15 basis points and rose

## Barclays issues \$600m FRN

BY MAGGIE URRY IN LONDON

BARCLAYS Bank yesterday joined the other three UK clearing banks to issue undated floating-rate notes which rank as primary capital. The \$600m issue was not the blow-out that the earlier perpetuals had been and by the close was trad-

mg around the 99.40 level at which co-managers own the bonds. They pay interest at % per cent above the mean rate between six-month London interbank bid and offered rates (Limean), the same margin as National Westminster paid. Fees total 67% basis points.

The issue will take Barclays' free capital ratio - the proportion of freely available capital to total deposits - from 5.7 per cent at the end of 1984 to 6.25 per cent. It seems unlikely that Barclays' older perpetual issue, launched last year, will be ruled as primary capital. This new issue uses the same preference share formula the other banks

Also in the Eurodollar floatingrate note market, Merrill Lynch launched an issue for Christiania Bank, Merrill is getting a reputation for skilful repackaging of issues which have not sold well in their original form, and this issue is to replace the "mini-max" deal

Christiania did in February. That deal totalled \$75m and had a 10-year life. It paid interest at % per cans over six-month Libor but with

BHF Benk bond average 102,797 High 102,860 1985

though the fall in interest rates has allowed it to recover of late. about \$56m of that deal and is refinancing with this new issue which has a maximum amount of \$75m but of which \$56m is on offer now. The same management group which ran the old deal has been as-

The new deal also has a 10-year life and pays an interest margin of % per cent over Libor - an attractive margin by current market standards - and the issue was selling well yesterday, quoted above par. Fees total 50 basis points making it a very profitable issue for the syndi-

The fixed-rate Eurodollar bond market was still busy yesterday. but prices were overall unchanged as some profit-taking set in while other issues were still moving up. via the bank's Curação subsidiary. Morgan Stanley is lead manager.

traded around the 1% per cent sellsembled for this issue.

A \$150m issue for Nippon Credit Bank was launched, which comes The 10-year issue is non-callable for life and pays a 10% per cent coupon a minimum of 10% per cent and maximum 11% per cent. The issue was one of a short-lived fashion for such deals but has since traded down almost to 98 at one point al-

The Australian dollar Eurobond market is continuing to attract more borrowers. Chrysler Financial is the latest, with a AS45m sevenyear issue led by Banque Paribas. The coupon of 13% per cent is one of the highest in the sector at prevent although the debt is subordinated and issue price is 100%. The bonds

In the Swiss franc foreign bond market SBC gave a lead to the trend to lower coupons fixing a 5% interest rate for a SwFr 100m 10vear deal for the State Electricity Commission of Victoria. Issue price is par. The name is top quality - almost Australia risk - and with interest rates moving lower in Switzerland the bond market has a firm tone. Prices were little changed

there yesterday in low turnover.

UBS is making a SwFr 50m private placement for Keio Teito Electric Railway. The yield on the five-year issue is indicated at 3½ per

so quiet with prices little changed. No new Eurobond issues were lannebed Finland is making a Fl 150m pub-lic issue on the Dutch domestic bond market. The bonds will mature in 1995 but have an average life of eight years. ABN is lead manager and set the terms at a 7% per cent coupon and 99 issue price. A large number of foreign co-managers are in the deal.

> International bond service, Page 21

ing on a \$100m commitment.

The front-end fee of 12.5 basis The D-Mark bond market was alpoints is the same on both tranches but will only be paid on the second tranche if notice to draw is actually

in stages to 25 points during three

This announcement appears as a matter of record only

that we are acting as the dealer

E.C.C. America Inc.

Goldman Sachs Money Markets inc.

New York Boston Chicago Dallas

Los Angeles Memphis Philadelphia

ARAB BANKING CORPORATION ~

DAUS & CO. GMBH

HANDELSBANK N.W. (OVERSEAS) LTD.

UBK FINANCE B.V. KD.5,000,000 GUARANTEED FLOATING RATE NOTES

**DUE 1990** Notice is hereby given that in accordance with clause 5(a) of the terms and conditions of the Notes, the Notes bearing the following serial numbers have been called for redemption at

311

811

936

or to the paying agents whose addresses are given below together with all unmatured coupons appertaining thereto, failing which the Noteholder shall, if requested by the Fiscal Agent, the Company or the Guarantor give such indemnity as the Fiscal Agent, the Company or Guarantor may require.

FISCAL AGENT

KUWAIT INTERNATIONAL INVESTMENT COMPANY S.A.K.

Salhiya Commercial Complex Entrance No. 1, 5th Floor

P.O. Box 22792, Safat

PAYING AGENTS

IN DENOMINATIONS OF KD.5,000/

286

536

786

911

par on 20th July 1985:

261

761

THE UNITED BANK OF

KUWAIT LIMITED

London EC3Y 9D1 United Kingdom

St. Louis San Francisco

Unconditionally Guaranteed by

in the offering of commercial paper for

**English China Clays PLC** 

Goldman

Sacns

**CLAAS FINANCE B.V.** 

Rotterdam, The Netherlands

DM 40,000,000

7%% Bearer Bonds of 1985/1992

- Private Placement -

Unconditionally and irrevocably guaranteed by

CLAAS OHG

Harsewinkel, Federal Republic of Germany

COMMERZBANK AKTIENCESELISCHAFT

WESTFALENBANK

111

361

611

736

861

336

586 711

836

961

for redemption to the fiscal agent

MORGAN GUARANTY TRUST

CO. OF NEW YORK

Avenue Des Arts 35,

**DEUTSCHE GIROZENTRALE** 

- DEUTSCHE KOMMUNALBANK -

SWISS BANK CORPORATION INTERNATIONAL

TIME-LIFE OVERSEAS FINANCE

CORPORATION N.V.

Notice to the holders of 101% Notes due January

26, 1990, of Time-Life Overseas Finance

The 1984 annual financial report of Time-Life

Overseas Finance Corporation N.V. and the 1984

Annual Report to Shareholders of Time Incor-

porated, the Guarantor of the 101% Notes and

the parent company of Time-Life Overseas

Finance Corporation N.V., may be obtained at the

office of Chemical Bank, 180 Strand, London WC2,

the Fiscal Agent for the 101% Notes.

Corporation N.V.

We are pleased to announce

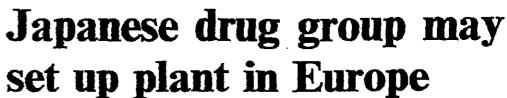
#### INTERNATIONAL COMPANIES and FINANCE

#### **HK Wharf** claims control of Allied

HONGKONG and Kowloon Wharf has claimed control of Allied Investors, an affiliate of Wheelock Marden, the trading company for which Hongkong Wharf successfully bid earlier this year.

Wardley, Hongkong Wharf's adviser, said acceptances had been received for 14.31 per cent of Allied's equity. Together with the stake in Allied acquired through the takeover of Whelock this brings Wharf's holding to some 57 per cent.

Hongkong Wharf has also declared its intention to vote down a HK\$5 per share special dividend which Allied has proposed for its annual meeting on June 24. The contested offer for Allied, which values the investment holding company at HK\$322m (US\$41.5m), expires on June 14.



AJINOMOTO, ONE of Japan's patients. leading food processing and seasonings companies, is conseasonings companies, is considering setting up an amino acids plant in Europe in order to boost its diversification into the pharmaceutical business.

According to Mr Tadeo Suzuki, an Ajinomoto executive vice-president, the group intends to boost its sales of amino acids and special chemicals to 20 per cent of sales, from 12 per cent currently, over the next several years. Amino acids are needed for a variety of pharmaceutical uses, including the manufacture of tube-feeding systems for seriously fill

patients.

Ajinomoto, founded more than 75 years ago, was built on the sales of the group's first product, monosodium glutamate, which is used as a flavour enhancer for a wide variety of foods. Over the past 15 years, foods. Over the past 15 years, however, the group has diversified away from its traditional areas of oils, fats and seasonings into processed foods, amino acids and pharmaceutical research. Sales of the group last year reached Y447.6bn (\$1.8bn).

For example, the group has recently invested over \$100m worldwide to more than double

its production of lysine, an amino acid used as an additive for animal feeds. Following the completion of its Thai lysine plant next year, the group expects to become the world's expects to become the world's largest lysine producer.

The company spent around Y9.6bn last year on research and development, a 7 per cent increase over the previous year. It said that government approval to market Lentinan, and approval was the producer again.

an anti-cancer agent, was expected this month. The new drug, derived from a species of mushroom, is an immuno-stimulator, which boosts the body's own defence mechanisms

#### Suntory suffers first decline in 40 years

By Yake Shibata in Tekro

SUNTORY, Japan's largest dis-tiller with a 70 per cent share of the domestic whisky market, has reported a fall in sales and profits for the first time in 40

Migher consumption of shooks — inexpensive distilled spirits made from potatoes or corn—as well as a 20 per cent increase in the alcohol tax were blamed for the poor per-

Until last November Suntary had been devied access to the shoohu market because of official fears that its powerful distribution network might have driven smaller distillers

During the year to March, pre-tax profits fell 56 per cent to Y17.5hm (\$69.6m) with net profits of Y8.5hn, down 42.5 per cent Turnover at Y761.5hn was 10.6 per cent lower. Sun-tory is still privately cweed, and a stock exchange listing has been easerly awaited by Japanese securities brokers and

scheme such as pregnancy. Cos-metic surgery and spectacles.
The Ministry of Health said the Ministry of Finance would be studying whether foreign companies could offer private health care in these fields, in addition to domestic operators. For the current year, Suntary expects a recovery in turnover to the 1983 level of Y850bn with a 33 per cent revival in whister sales to Y583bn. Pretax profits are projected at Y29.3bn—still 26 per cent below the 1983 level—and net private health care market, which is currently relatively

## Tokyo boosts private health care

JAPAN'S private health care industry has received an imporpent that boost from the Government with the decision to grant tax exemptions for health insurance premiums in selected dutible schemes in the three the finistry of Finance would be studying whether foreign

areas.

The move was taken by the Coverage of part of the mediMinistry of Health and Welfare
with the aim of promoting the the Government. Currently, private health care industry and patients pay about 10 per cent reducing the increasing burden of their medical bills out of of health care costs on the pocket.

#### Bengal in petrochemicals complex joint venture

The incentive is expected to give a sharp boost to Japan's

BY P. C. MAHANTI IN CALCUTTA

Development Corporation, the industrial promotion arm of the state government, has signed an agreement with a local industrialist for a Rs 6.45bn (\$520m) joint venture which will set up a petrochemical complex near Haldia port, south of Calcutta. The Markist state administra-

route of associating itself with the business empire of Mr R. P. Goenka because of the key role it sees for the project in West Bengal's slowly emerging indus-

later this month, but its opening date remains uncertain. ernment, which had promised its support, suddenly backed out. This was the disappointment of the state ministry, which accused the Central Government of discriminating

THE WEST BENGAL Industrial against West Bengal while back-Development Corporation, the ing an identical project in

Maharashtra.
Mr Jyoti Basu, chief minister
of West Bengal, said the state

government would have a 26 per cent stake in the venture, while the Goenka family would have 25 per cent. The remainder is to be offered to the public in a share issue, which is planned to attract substantial funds from TINTE

The project—due to take five years to complete—has been scaled down somewhat: the total trial regeneration.

The state authorities had to nearly a quarter from the settle for the joint venture as the only way of funding the project after the Central Government, which had promised ernment, which had promised to the complex with a capacity application. of 100,000 tonnes of ethylene

annually.

The plant will be managed by the Goenkas including Mr. Sanjeer Goenka,

Government Japan maintains a Extra hospitalisation comprehensive national health penses

**Bank of America Futures** opens Hong Kong offshoot

BANKAMERICA'S futures intended to open in autumn trading subsidiary, Bank of last year, following compre-America Futures, yesterday hensive reorganisation of the opened an affiliate in Hong territory's moribund Commodities Exchange. It has ambitious in the territory by a U.S. bank.

However, the affiliate will have to trade through the link that would be as important to Hong Kong as Simper's link. Singapore International Monetary Exchange (Simex), because with the CME. Hong Kong's long-delayed

At present, however, it is futures exchange is still stuck on the drawing board.

Mr John Ng, the assistant vice-president who will manage fund scheme held by members of the War War and Miles and the state of the

the Hong Kong affiliate, said it of the original commodities would take to the end of 1985 to have a clear idea of the volume of business likely to be generated in Hong Kong. The Hong Kong's Legislative Council to have a clear idea of the volume of business likely to be generated in Rong Kong. The company will deal in contracts traded on Simex, the London International Financial Futures
In a recent visit to Hong
Exchange, and the Chicago Kong, Mr John Damgard, presiMercantile Exchange (CME). dent of the U.S.-based Futures
Strongest interest has so far
been shown in interest rate
futures, Mr Ng said.

The Hong Kong Futures ExCharge was at any contracts could subside if there

change was at one stage were further delays.

China deal for Del Monte

DEL MONTE, the U.S. food company. The food processing group, is due to conclude a food plant, to be located on Zhong production and processing Ming Island in the Shanghal production and processing agreement in China next month with a Shanghai-based group

after more than two years of agricultural research work in Eastern China. Equity in the venture will be shared equally by Del Monte, which is owned by R. J. Reynolds, and the Shanghai Food-

stuff Industry Association.

Del Monte will become the third major U.S. food company to gain a foothold in China. The other two are Beatrice Foods and Heinz, which both

**JAPANESE** 

MARUZEN OIL OIL REFINING, MARKETING

PARENT COMPANY

MITSUBISHI METAL COPPER SMELTING

Pre-tax profits (b Net profits (bn) . Net per share ....

PARENT COMPANY

aes (bn) ......

NOTICE TO HOLDERS OF TAKEDA RIKEN CO., LTD.

\$40,000,000 3%% Convertible Bonds Due 2000

Pursuant to the provisions of Condition 5(C) (XII) and Clause 6(E) of the Trust Deed dated as of October 18, 1984, between Takeda Eliken Co., Ltd., and The Bank of Takyo Trust Com-

KUBOTA AGRICULTURAL MACHINERY

RESULTS

operate in the Guangzhou (Can-started in 1982 when it signed ton) area.

Mr Brian Haycox, Dei Monte's ing with Shanghai Foodstuff to vice-president for Far East set up a five-hectare agricul-operations, said the project tural research farm on Zhong would entail an initial invest- Ming. The farm raised a ment of about \$1m for the U.S. number of crops.

economic zone, is expected to be in operation in August next

Del Monte's venture in China is being supervised by a wholly-owned subsidiary in the Philippine Packing Corporation, runs what is believed to be the largest pineapple processing and canning operations outside the U.S.

Mr Haycox said Del Monte's direct involvement in China



#### **Kingdom of Sweden**

U.S. \$750,000,000

Floating Rate Notes due 2000

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 5th June, 1985 to 5th December, 1985 the Notes will carry an Interest Rate of 71% per annum Interest payable on 5th December, 1985 will amount to U.S. \$403.49 per U.S. \$10,000 Note.

Morgan Guaranty Trust Company of New York London Agent Bank

This advertisement complies with the requirements of the Council of The Stock Exchange. It does not constitute an offer of, or invitation to subscribe for or purchase, any Notes.

#### Standard 🏖 Chartered (Incorporated with limited liability in England)

Standard Chartered PLC

£300,000,000

**Undated Primary Capital Floating Rate Notes** of which £150,000,000 are being issued as the Initial Tranche.

Standard Chartered Merchant Bank

J. Henry Schroder Wagg & Co. Limited

Application has been made to the Council of The Stock Exchange for the Notes to be admitted to the Official List. interest on the Notes will be payable at three-monthly intervals in arrear on interest payment dates falling in March, June, September and December.

Listing particulars relating to the Notes and Standard Chartered PLC are available in the Extel Statistical Service and may be obtained during usual business hours up to and including 7th June, 1985 from the Company Announcements Office of The Stock Exchange and up to and including 19th June, 1985 from:-

J. Henry Schroder Wagg & Co. Limited, 120 Cheapaide, London EC2V 60S

Standard Chartered PLC, 10 Clements Lane, Lombard Street, London EC4N 7AB Cazenove & Co.,

Standard Chartered Bank, 73-79 King William Street, London EC4N 7AB

#### U.S. \$50,000,000

Kuwait International Investment Co. s.a.k.

#### Saitama International (Hong Kong) Limited

(Incorporated in Hong Kong) Guaranteed Floating Rate Notes Due 1993



Guaranteed as to payment of principal and interest by

The Saitama Bank, Ltd.

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 5th June, 1985 to 5th December, 1985 the Notes will carry an Interest Rate of 8% per annum. The interest amount payable on the relevant Interest Payment Date which will be 5th December, 1985 is U.S. \$203.33 for each Note of U.S. \$5,000.

Credit Suisse First Boston Limited Agent Bank



US \$300,000,000

Reference Agent

Floating Rate Notes due 1992

In accordance with the provisions of the Notes, notice is hereby given that for the six months Interest Period from 5th June 1985 to 5th December 1985 the Notes will carry an interest rate of 8th per cent. Per annum. The relevant Interest Payment Date will be 5th December 1985 and the Coupon Amount per US\$ 50,000 will be US\$ 2,065.10 and per US\$ 250,000 will be US\$ 10,325.52.

Bank of Tokyo International Limited

By: The Bank of Tokyo Trust. Company as Trustee Dated: June 5, 1985

TAKEDA DIKEN CO. LTD.

5th June, 1985

12 Tokenhouse Yard London EC2R 7AN

## INTL. COMPANIES & FINANCE

# AM recovery continues with 50% leap to \$7.4m | E.F. Hutton

BY ANDREW BAXTER IN LONDON

go-based office products group which emerged from Chapter 11 of the U.S. Bankruptcy Code in Octo-ber, has continued its recovery. Handre Charles Control of Control boosting third-quarter operating profits by 50 per cent from \$4.95m

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The sharp rise took operating profits for the nine months ended May 4 to \$17.9m, against \$12.4m. Final net profits, which are distorted by special items caused by the bankruptcy reorganisation process, were \$119m, or 29 cents a share, against \$60.9m, or \$1.53, a year ear-

Sales in the latest quarter edged ahead from \$153.7m to \$156.7m, taking the nine-month total to \$453.8m (\$436.6m).

AM, which filed for Chapter 11 in 1982 after a disastrous rush into new technology, has undergone a major cost-cutting exercise and refocused on long-established busi-

AM INTERNATIONAL, the Chicanesses including reprographic sales side, along with its wellequipment for print shops, photo-typesetting equipment and engineering design products.

Mr Merle Banta, chairman and chief executive, said: "Our success in both sustaining and increasing the profitability of our operations over the last 10 quarters can be at-tributed to the effectiveness of our company's worldwide cost reduction programmes coupled with new product introductions."

Mr Banta said U.S. operating in-come and revenues had risen 90 per cent respectively in the first nine months of the current year. Foreign revenues and income had not fared so well because of the adverse effects of the strong dollar.

explained that the company's strategy now that it has emerged from Chapter 11 is to use its strengths on the marketing and

known brand names such as Bruning and Varityper, to become a worldwide sales/service/distribu-

While the company would continue to manufacture products, it would be looking for joint venture to keep up the pace of product introductions in increasingly competi-tive markets. "In this day and age it is impossible to do everything your-

Mr Banta said the company hoped for operating profits representing 4-5 per cent of sales in the current year, up from 3 per cent last year, and was targeting 6 per cent for fiscal 1986.

Last week AM appointed Mr In a recent interview, Mr Banta James L. Katz, formerly chief fi-oxplained that the company's nancial officer at Baxter Travenol Laboratories, to the newly created post of vice-president - finance and

## Italian chip maker plans layoffs

SGS, Italy's leading microelectronics company, is laying off a total of 1,000 assembly workers overseas and is considering a temporary shutdown in Italy which could involve short-term layoffs for around 2000 unothers of 4,800 to use 2,000 workers.

Sig Pasquale Pistorio, chairman of the state-owned company, said the crisis in the world market for microchips could lead to a series of "enforced holidays" for SGS workers at the company's main plants in Agrate near Milan and Catania in

following are closing prices for June 4.

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- 6% + 2% 18.7; 8 + 2% 18.2; + 5% + 1% 10.1; + 6% + 2% 18.7; - 6% + 1% 18.7; - 6% + 1% 18.5; - 6% + 1% 18.5; - 6% + 1% 18.5; - 6% + 1% 18.5; - 4% 18.9;

His strategy instead is first to ask the Italian workforce of 4,800 to use up their holiday time and then, if necessary, to add a few weeks of shutdown to the August holiday. SGS, he said, was currently operating at 60 per cent of its capacity, given the slump in world market

SGS sales in the first quarter of

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The

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Sig Pistorio, who said SGS had so this year rose by 12 per cent to ar managed to break even in what \$86m. After breaking even in 1983 the company last year made its first profit in a decade – \$10m on sales of \$235m.

> This followed a radical four-year reorganisation of the company which until Sig Pistorio's arrival from Motorola in the U.S. had been a loss-making subsidiary of the IRI-Stet state holding group.

SGS employs a workforce of 4,800 in Italy and until last November had 5,000 assembly workers abroad.

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ncini Times Ind., 1985. Repunduction in whole or in part in any form and wishout written constant. Data supplied by SATASTREAM inter-

### Price | Pr

## Change at top after fraud case

By Terry Dodsworth in New York

E. F. HUTTON, the Wall Street se curities firm, has responded to widespread controversy over the involvement of some of its staff in a complex bank cheque fraud scheme with a broad-ranging reorganisation of its senior management.

Justifying the changes, Mr Robert Fomon, chairman and chief executive, conceded that the recent problems of the company were part ly due to the fact that "cash concer tration and control functions were not integrated. This reorganisation

will remedy that weakness. The most important aspect of the reorganisation is the appointment of 46-year-old Mr Robert Rittereis er, formerly chief administrative officer and chief financial officer of Merrill Lynch, the largest U.S. se-curities house, as president of the E. F. Hution group.

At the top of the company, a new office of the chairman is being created, under the direction of Mr Fomon, but allowing Mr Rittereiser a "broad role." The other two members of the office will be Mr Scott Pierce, president of the group's bro-king activities, and Mr Thomas Lynch, who preceded Mr Rittereis er as president of the parent compa ny, where he will now become vice

Both E. F. Hutton and the Justice Department have met with beavy criticism over the handling of the cheque fraud case, which involved using the "float" on cheques working their way through the banking system to draw down free funds from the banks. No one has been prosecuted, although Hutton pleaded guilty to 2,000 counts of fraud and has since hired a senior lawyer to find out who was respon-

named executive vice-president and chief administrative officer of Mer-rill Lynch, succeeding Mr Robert

#### Vatican takes stake in Nuovo Ambrosiano

By Our Milan Correspondent

ISTITUTO per le Opere di Reli-gione (IOR), the Vatican bank, has become a shareholder in Nuovo Banco Ambrosiano, one year after agreeing to pay \$241m "in recogni-tion of moral involvement" to creditors of the late Sig Roberto Calvi's collapsed Banco Ambrosiano.

and indirect owner of 10 of the overseas "dummy" companies to which Banco Ambrosiano lent \$1.3bn. The IOR's return as a shareholder in the Milan-based successor to the Calvi hank comes about be-

cause it has subscribed for shares available through warrants which were issued to 35,000 shareholders of the old Ambrosiano group at the time of the 1982 collapse. The IOR's current share stake is

thought to be less than I per cent. Nuovo Ambrosiano is just completing "operation warrant" under which 35,000 former shareholders who lost their shares when the Calvi bank failed, are subscribing for L 145bn (\$74m) in shares. Each a warrant for three shares in Nuovo at L1.000 each. The only condition imposed was that the shareholders maintained a deposit account with

the successor bank.
As a result, Nuovo Ambrosiano is now around three-quarters privately owned, with Banco Nazionale del Lavoro and Istituto San Paulo di Torino the only remaining state bank shareholders.

#### Danish strike hits Swedish packer's profits

By David Brown in Stockholm

PLM, the Swedish packaging group, has had a sudden decline in the latest four months results. which it attributes to an industrial dispute in Denmark, severe winter weather and generally weaker con tainer markets.

Full-year profits will probably drop below the SKr 210m (\$23.9m) achieved in 1984, says Mr Ulf

Laurin, the president, Sales through April were stag-nant at SKr 1.08bn. Operating results after depreciation plunged from SKr 78.7m to SKr 48.9m. Net financial costs were stable at SKr 19.4m. Pre-tax earnings halved from SKr 57.8m to SKr 29.9m.

Virtually every division reported lower earnings. The group's newly inaugurated Berlin metal can facto ry - a joint venture with the Ball Corporation of the U.S. - was hit by unexpected start-up problems and will not turn in a profit until next

oming Nato Notes: Demonstrated in dollars volume otherwise indicated. Cou-pen shants is minimum. C. date — Data ment coupun becomes effective. Spread — Margio shows six-month offered rate (17 three month); I above mean rate) for U.S. dollars. C.spo. — current colopus. Co. yid — current yield. PLM Sweden, which was affected Correntible hands: Denouslasted in deliars unjets otherwise indicated. Chy. day
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— Homisel amount of bond per share expressed in corrency of share at conversion rate fixed at issue. Press — Percentage pressure of the correct effect of manufacture with the bond over the press recent price of the by the Danish strike, reported a fall in operating results from SKr 41.8m to SKr 36.7m. The Denish Haustrup operation, where profit dropped from SKr 19m to SKr 12.1m, expects to recoup lost shipments later in the year and report "satisfactory profits for 1985.

All of these securities having been sold, this announcement appears as a matter of record only.

New Issue / May, 1985

\$250,000,000

## **IBM Credit Corporation**

9%% Notes Due May 15, 1988

Salomon Brothers Inc.

The First Boston Corporation

Goldman, Sachs & Co.

**Merrill Lynch Capital Markets** 

Morgan Stanley & Co. Bear, Stearns & Co.

Alex. Brown & Sons

Shearson Lehman Brothers Inc. Daiwa Securities America Inc.

Dillon, Read & Co. Inc. **Deutsche Bank Capital** 

Donaldson, Lufkin & Jenrette

E. F. Hutton & Company Inc.

Kidder, Peabody & Co. Lazard Frères & Co.

The Nikko Securities Co.

Nomura Securities International, Inc.

**PaineWebber** 

Prudential-Bache

L. F. Rothschild, Unterberg, Towbin

Smith Barney, Harris Upham & Co.

**Swiss Bank Corporation International** 

UBS Securities Inc. Wertheim & Co., Inc.

Dean Witter Reynoids Inc.

Yamaichi International (America), Inc.

These Securities have been privately placed outside the United States of America. This announcement appears only as a matter of record.

May, 1985

U.S. \$70,000,000



Collateralized Notes Due 1995

Managed by

Kidder, Peabody International

Nomura International Limited

May 22, 1965

#### COMMERZBANK OVERSEAS FINANCE N.V.

Curação, The Netherlands Antilles

DM 300,000,000 Zero-Bearer Bonds of 1985/1995

DM 300,000,000 Zero-Bearer Bonds of 1985/2000

Unconditionally and irrevocably guaranteed by

COMMERZBANK AKTIENGESELLSCHAFT

Bonds due 1985 - Issue Price: 50% · Repayment: May 22, 1995 at par · Bonds due 2000 - Issue Price: 33 ½ % · Repayment: August 4, 2000 at par Both issues - Denomination: DM 5,000 and DM 10,000 Listing: Franklurt am Main

**COMMERZBANK** 

N.A.V. at 31.5.85 U.S.\$49.65 YIKING RESOURCES INTERNATIONAL

INFO Pierson Haldring & Pierson N.V.



Notice is hereby given to the holders of euro-currency IMASCO LIMITED 15174 DEBENTURES DUE

**JANUARY 1989** That the 1985 annual report of the company referred to above is available on request from The Secretary B.A.T Industries p.Lc., 50 Victoria Street, London SW1H ONL

NOTICE OF PREPAYMENT The Bank of Tokyo, Ltd.

U.S. \$10,000,000 Callable Negotiable Floating Rate Dollar Certificates of Deposit due 9th July, 1986

(Series RR) In accordance with the provisions of the Certificates, notice is hereby given that The Bank of Tokyo, Ltd. ("The Bank") will prepay the principal amount on the next Interest Payment Date. 9th July, 1985, together with the interest accrued to

that date.

Payment will be made against presentation and surrender of the Certificates at the Bank's London Office at 20/24 Moorgate, London EC2R 6DH.

5th June. 1985.

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## INTL. COMPANIES & FINANCE

## Madrid bulls turn Spanish bourse into a strong performer

BY WILLIAM CHISLETT

Placing power:

Every investment

banker talks about it.

Very few have it.

**UBS Capital Markets Group** Investment banking on a worldwide scale

Union Bank of Switzerland Capital Market Financing Bahnhofstrasse 45 8021 Zurich/Switzerland

Union Bank of Switzerland (Securities) Limited
The Stock Exchange Building
London EC2N 1EY/England
Telephone 01/588 66 66





## The Bank of Tokyo, Ltd.

(Kabushiki Kaisha Tokyo Ginko)

(Incorporated with limited liability in Japan)

U.S.\$100,000,000

11¼% Bonds due 1995

Issue price: 1011/4% of the principal amount

**Bank of Tokyo International Limited Credit Suisse First Boston Limited Morgan Stanley International** 

Citicorp International Bank Limited Morgan Guaranty Ltd S.G. Warburg & Co. Ltd.

Algemene Bank Nederland N.V. **Banca Commerciale Italiana** Banque Nationale de Paris Commerzbank Aktiengesellschaft Crédit Lyonnais First Chicago Limited Goldman Sachs International Corp. **Lloyds Bank International Limited** Merrill Lynch Capital Markets The Nikko Securities Co., (Europe) Ltd. **Salomon Brothers International Limited Swiss Bank Corporation International** Limited

Amro International Limited **Bankers Trust International Limited** Chase Manhattan Capital Markets Group **County Bank Limited** Dresdner Bank Aktiengesellschaft Genossenschaftliche Zentralbank AG-Vienna **Kredietbank International Group Manufacturers Hanover Limited** Samuel Montagu & Co. Limited **Orion Royal Bank Limited** Shearson Lehman Brothers International Union Bank of Switzerland (Securities) Limited

Yamaichi International (Europe) Limited

<u>NEW ISSUE</u>

These Bonds having been sold, this announcement appears as a matter of record only

JUNE 1985

MADRID'S stock exchange (the bolsa) is beginning to rival the city's Plaza de Toros for bulls ordinary growth of the narrowly based market after a decade of stagnation. The average volume of trading has risen to about Pta 2bn a day from Pta 700m in 1983. Trading hit record volumes of Pta 5bn when the market peaked at 117.41 on February 4. Profit-taking gathered momentum in the electrical sector with the publication of confusing regulations which were interpreted as placing limits on dividends and led to a wave of selling. ordinary growth of the parrowly for attracting the interest After a fine corrido last year, when the Madrid exchange was the best performer among the world's bourses in local currency

world's bourses in local currency terms (40.7 per cent) and the second best after Hong Kong in dollar terms, the bolsa is continuing its bull run. The index had risen by 9.23 per cent to close at 110.69 on June 4 (the index is rebased at 100 on the first trading day of each year). year).

Foreign investors are playing an important role in the surge. an important role in the surge.

Net foreign investment, mainly from the U.S., the U.K and West Germany, in the bolsa in the first quarter of this year was Pta 10.2bn (\$5.9m) compared with Pta 12.7bn for the whole of 1984. Institutional investors include several U.S. rensing include several U.S. pension funds and the London stock broker Savory Milln, while the individuals include a large number of West Germans. American investors, in particular, are using the strong dollar to buy undervalued Spanish shares which are selling on average at just 44 per cent of their book value. Other invest-ment attractions are a p/e of 9.6 and a yield of about 9 per

Part of the bolsa's attraction lies in its novelty. "Everybody is eager to get involved in something which is not yet discovered," says Mr Joe Hall, European equity specialist for Savory Milln. The firm's investment in Spanish stocks has increased fivefold in the past 12 months. "Even fairly conservative pension funds are investing in Spain."

More than two-thirds of the

More than two-thirds of the new net foreign investment is in Telefonica, the state telecommunications concern, which is one of the stars of the bolsa. Telefonica's price rose to Pta 615 on May 22 from Pta 460 at the beginning of the year. The stock is expected to be listed in London and Tokyo later this year and in New York in 1986.

Another strong performer is Another strong perturner is El Aguila, the brewery company, whose price had risen to Pta 212, in mid May from Pta 95 at the end of 1983. El Aguila has substantially reduced its debt as a result of a capital injection from Heineken, which beacht of per perturner is the The foreign investment is sig-nificant, though it represents less than 10 per cent of all is thin and unsophisticated, trading, because of the extra-

375 companies are listed on the exchange: the number having failen by 108 in the last four years through takeovers, mergers and collapses. Because of the bolsa's small size, new demand has an immediate and dramatic impact on share values. Telefonica, the seven listed Spanish banks and the utility stocks Iberduero, Hyd and Union Electrica Fenosa led to a wave of selling. Both Spanish and foreign Foreign Investment in the Madrid Stock Exchange

and Union Electrica Fenosa account for about 80 per cent of all share trading. investors have been impressed by the dramatic turnround Sr Manuel de la Concha.

under the Socialist government, although economic improveby the highest rate of unemployment in Western Europe. Spain is enjoying an export boom, a surplus on its current account balance of payments, an inflation rate which has been brought below 10 per cent and lower interest rates.

Companies are using higher profits, gained from moderate wage claims, advances in productivity and the impact of the high dollar on export prices, to shed labour and reduce their debt rather than expand. There is considerable excess liquidity. It is reckoned that

two thirds of available Spanish investment goes into bank deposits and the rest into Treasury bills, stocks and real estate. Spanish investors, traditionally wary about buying stocks have been spurred by foreign investors to be more Aguila has substantially reduced its debt as a result of a capital injection from Heineken. Treasury bills, which offer a tax haven, has been phenomenal; they now account for half the bolsa's yolume of tradition.

ing.
However the Madrid market

president of the Madrid change hopes to broaden the base, though his campaign to encourage more companies to be listed, and so develop the bolsa's minor financing role for ndustry, appears to be having

There is talk in Madrid of launching a second tier market this summer, along the lines of London's unlisted securities market, though response to the idea has been poor. There is already one such market in Barcelona, but only 14 com-panies are involved and the volume of trading is insignifi-

little success.

The main unlisted companies are awash with funds and Spanish banks have a controlling interest in many of them which discourges management from seeking funds from alternative sources. There are also tightly run family concerns, El Corte Ingles, the depart-ment-store chain, would be an obvious candidate for a bolsa listing, were it not that it is controlled by just three people who have no interest in opening up their books to shareholders. Analysts believe that the only

ment system, which means that there are delays of several weeks on settlements. Only 375 companies are listed on the INI, the sprawling public secto conglomerate which is a heary drain on the exchequer. The government is discussing the sale of Seat, INI's car company.

sale of Seat, INT's car company, to Volkswagen and hopes that General Motors will take a majority stake in Enuse, the truck manufacturer.

Apart from being in a better position to meet their own financing needs, some Spanish companies fear that the information required for a public listing might attract the attention of the taxman, Tax scrution and listing require. scrutiny and listing requirements have both been tightened in preparation for Spain's entry with this situation we are trying to persuade companies to invest in the bolsa rather than the other way round," said Sr Alvaro Llanza at Banif, the investment arm of Banco

Hispano Americano.
While American pension funds are putting money into the bolsa, their Spanish counter. parts are excluded from investing in shares. This is expected to change later this year when legislation to permit pension fund investment comes before parliament. Unit trusts play only a small part in the bo'sa at the moment.

bo'sa at the moment.
Last month the Spanish
parliament lightened controls on
trading operations in the wake
of the Buxeres affair, which
exposed the vulnerability of
investors to under-capitalised
hrokers. Changes in antiquated legislation, much of which dates back to 1886, include increasing the size of the bond deposit required of Spanish share dealers.

Sr Alejo Buxeres, a dealer in the tiny Barcelona stock market, has been charged with illegal fund appropriation involving more than Pta Sbn from the Caja de Ahorros Layetana, a savings bank. He was given ball last week pendung

Sr Buxeres is understood to have been involved in repurchase operations. He was unable to honour payments to clients after a deep plunge in prices. The Madrid stock market board said of the affair: "The strangest thing is that these high-risk operations were undetected although Buxeres had 60 per cent of the share dealing in the Barcelona market."

Will the bubble burst on the Madrid exchange? Analysts are optimistic about short-term prospects, but expect a slow-down when VAT is introduced significant new listings will next year and pushes up come from the breaking up of inflation. Meanwhile it is ole.

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spective and even cannibalistic

in their reaction to a declining

empire, a young and optimistic force is preparing, Viking style,

Norwegian state oil company, which last year on the back of

an increase in income of 35 per cent to NKr 35.6bn, became for

the first time Norway's largest industrial company.

powers, the company was set to become larger than all other Norwegian industrial and

oll is still planning an inter-national dash for growth and vertical integration, in an effort

to reinvest its prodigious stream of oil and gas revenues from the Norwegian Continental

Until last year, Statoil was by law tied to Norway, from ex-pioration to retailing. But, partly in an attempt to deflect

the company's increasing grip.

Bruising encounter

coalition government

on the Norwegian industrial and

political scene, the Government opened the door of Statoil's Nordic cage.

Within months Statoil had

acquired exploration interests in Holland, and a 10 per cent stake in a Chinese offshore licence. In partnership with British Petroleum it applied un

successfully for acreage in the UK's ninth offshore licensing

Then two months ago Statoil

made its first big foreign acquisition, a NKr 2.5bn (£222m) takeover of Exxon's Swedish oil

retailing and petrochemicals operations. Hitherto Statoil's

marketing was confined to a 27 per cent share in the Norwegian

The move was the logical

nest year and pr

strategic follow-up to the expansion of Statoil's Mongstad re-

finery on Norway's west coast

oil products market.

with Oslo's

Shelf.

Before the Norwegian parlia-

to invade their territory. That force is Statoll, the

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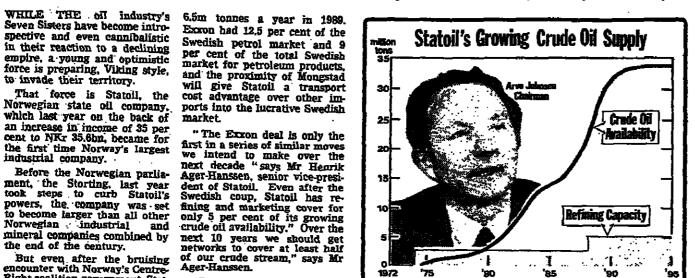
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#### RESOURCES REVIEW

# Statoil: enter the Viking invaders

By Dominic Lawson, recently in Norway



But even after the bruising encounter with Norway's Centre-Right coalition government, Statoil is still planning an international dash for the combined by next 10 years we should get networks to cover at least half of our crude stream," says Mr Ager-Hanssen.

While Combined by next 10 years we should get networks to cover at least half of our crude stream," says Mr Ager-Hanssen.

While Combined by next 10 years we should get networks to cover at least half of our crude stream," says Mr Ager-Hanssen. ing, Statoll's ambitions appear to be leading it into markets which are bleeding the older majors, such as Germany, where

there is ferocious competition from independents. "Why not Germany?" says Mr Ager-Hanssen, who admits to thinking about taking on Mobil's recently mothballed Wilhelm-sayen refiners. saven refinery.

"Why not Germany?" In the finance Ministry in Oslo, some miles to the north-east of Statoil's Stavanger head-quarters, Mr Hans Henrik Ram, special adviser to the Finance Minister, rolls his eyes. "Statoil's earnings are in my view excessive, and are not in proportion to their efforts. This affects their consciousness of costs. Statoil's head says 'Go out and buy me Shell Germany,' or 'Get me Esso Sweden,' rather than negotiate on a commercial

Mr Ram, known in Norway as the Conservative party's Mr Fixit, was instrumental in forcing through some of the new restraints on Statoil. "Cash flow is power, and we were very concerned with the growth in Statoil's cash flow," he says.

The main change was that Statoil would no longer have its automatic half share in any licence, but would have to divide that share with the state itself. In most licences already awarded, the state will now take 30 per cent, and Statoil 20 per cent. In a number of discovered from its present am tonnes to gas field Statoll's former 95 per cut its crude oil price, precipi- industry. Despite the closure of

cent stake has been whittled taing cuts by the UK, and later

down to 12 per cent. But the Conservatives had to concede a vital point to the opposition, in allowing Statoil to keep its 42 per cent stake in the North Sea's largest oil accumulation, the 3bn barrel Statfjord field. And at the end of last year Statoil mobilised its political supervisor. political supporters in Norway's Centre Right coalition to push through its plans to take over the operatorship of Statiford from Mobil by early 1989. That will give Statoil not just 1,500 new employees, but also its first

by Opec.

The official price cuts were The official price cuts were inevitable, but for Norway and Statoil, which have always determined not to be price setters, that was a deeply upsetting experience. "We had not thought seriously enough before about the problems of disposing of large quantities of oil. We automatically became price leaders and we were leaders and caught with our pants down, says Mr Ager-Hanssen. Statoil will undoubtedly push its crude through its future downstream

#### While Sweden seems promising, Statoil's ambitions appear to be leading it into markets which are bleeding the older majors

sent output of 490,000 b/d.

Statoil's desire to find controlled and secured outlets for this and other crude is natural

experience of managing a producing oilfield. By the time Statoil becomes operator the field but opaque, thus enabling Norwill be producing about 720,000 b/d, equivalent to 80 per cent of Kuwait's production, and the Organisation of Petroleum compared with the field's present output of 490,000 b/d.

Mr Ager-Hanssen describes with relish how the major oil companies with refineries to sell have come knocking at his fields Statoil's role has been enough, particularly after the door. He should not be suras key areas for future ope
large Gullfaks oilfield, and the in order to keep its oil company is one of the biggest losscastern part of the giant Troll customers Statoil was forced to makers of the international oil as a deep water pioneer.

about a quarter of European refining capacity since the late 1970s, the rate of overcapacity has hardly changed.

Statoil can with reason point to the sense of its Swedish acquisition. It is the nearest market to Norway, it has the highest ratio of car use per head of population, the competition from independents is minimal, and as a result the down-stream gross margins of the industry are the highest in Europe. But no doubt Exxon was pleased to sell the business for a price 35 times greater

than its last year's earnings. Similar arguments might apply to any Danish downstream acquisition that Statoil may make, but after that any further downstream move in Europe could lead Statoil into the predicament of the old majors, using security of supply as an excuse for subsidising refining losses with crude oil production profits.

Mr Ager-Hanssen disagrees: The majors developed their markets when they controlled their crude production, so what is clever for them to sell is clever of us to buy." It is tempting to compare Statoli's plan with that carried out by the other bright young "sister" of the oil industry, the Kuwait Petroleum Corporation. But the Kuwaitis bought only Gulf refineries in Europe, which had been built from the start to take Kuwaiti crude. And Kuwait's crude oil is a great deal further from the markets wanted to penetrate.

Mr Ager-Hanssen insists that in its downstream diversification Statoil will demand a real rate of return of 7 per cent, while Mr Ram, the scourge of Statoil, concedes: "In principle I am in favour of Statoil's move downstream, as long as they don't pay too much."
But there seems less logic in Statoil's intentions to expand

into exploration and production internationally and, in par-ticular, the direction of that

expansion.
Starting with offshore China is an indication of the plan.
"We are not interested in building the company in the old-fashioned way, starting onshore and then graduating off-shore. We were up to our throats in water from birth," sdeclares Mr Ager-Hanssen. He names offshore U.S. and Canada as key areas for future operator-ships, with the idea of utilising Statoil's acknowledged expertise

maximising the costs of produc tion, at a time when oil prices look set to fall again. Mr Ager Hanssen concedes: "At \$20 barrel, none of the recent Norwegian discoveries would be

Statoil's development con-trasts with that of Britoil, a company with a similar political dowry of exclusively North Sea oil. Britoil has avoided the offshore China scene, concentrating on acquiring low cost oil exploration and production assets onshore in the U.S. Statoil's method of financing

is also aggressive. According to Mr Ager-Hanssen, overseas acquisitions will be financed 25 per cent by equity production and 75 per cent by debt But Statoil's No 2 insists: We are here to make money Our board is empowered only to act in a business like fashion, to maximise returns. If we start acting like politicians, we are in trouble. If the owner thinks we are expanding too quickly, then the oil minister must have an owners' meeting with us. Bu he can't just whisper in the chairman's ear and influence our decisions that way."

Oil Minister and Statoil chairman are at odds

ledge in Norway that Mr Kaare Kristiansen, the Oil Minister, and Mr Arve Johnsen, Statoil's chairman, are barely on speaking terms, such a formal relationship is probably inevitable.

The paradox is that those in Norway's Government who are most worried about the risks in Statoil's expansion are least likely to want to interfere with it. This is only partly for the tactical reason of deflecting Statoll's grip on the home economy. Mr Ram points out: "Technically we in the Government

can veto any major inter-national move by Statoil, but we don't consider that a satisfactory way of carrying on. Statoil should not be scrutinised all the time by the Government if it is meant to behave comships, with the idea of utilising mercially. This is the dilemma of having a nationalised company. We have the control, but That sounds like a recipe for we don't want to use it."





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### APARTHOTEL **BONIVARD**

## City unimpressed by Hanson's 65% rise

AN INCREASE of 65 per cent lighting division with £9.7m. interim taxable profits, lounced yesterday, was something of a slow-down from Hanson Trust's recent performances, and clearly fell below market expectations. The shares closed 7p down at 230p.
In the last full year Hanson

achieved percentage growth rates in the high 80s at both the interim and final stages. The results for the period to March 31 1985, showed pre-tax profits up from 584.4m to £106.1m. The

City had been expecting something around filism.

Nevertheless, the chairman,
Lord Hanson, said that the
outcome confirmed the board's
confidence that the current year will witness further excellent progress, and adds that the commitment to investment on both sides of the Atlantic will ensure that this growth will continue.

In the period under review

In the period under review, and for the first time, the contribution from the group's U.S. activities supplied more U.S. activities supplied more tribution to profit and return on than half of aggregate operating profits of £142.4m (£79.3m). If om the restructured USI companies.

Some £73.7m came from panies.

America, against £31.7m, while the UK made £68.7m (£47.6m).

The results include a first there were record earnings at full six months from London Brick, acquired last year and which has now been integrated into the Hanson Brick division:

Despite increased textile increased. into the Hanson Brick division: and from U.S. Industries, another 1984 purchase. The latter added a total £17.1m (nil), with the bulk coming from the

Lord Hanson says that it has always been the group's first priority that shareholders should priority that shareholders should participate tangibly in growth in earnings per share—they moved shead from 4.6p to 6.4p undiluted and from 3.9p to 6r: diluted—and there is therefore a 29 per cent increase in the interim dividend. This is raised from an equivalent 1.12p. to 1.5p. equivalent 1.17p to 1.5p.

Group turnover topped the filbn mark for the first time at the interim stage to stand at £1.48bn against £900.4m, with the U.S. supplying the larger part at £935.4m against £437.9m. The taxable figure was struck after net interest and central expenses, less property and other income, amounting to £38.3m (£14.9m), and was subject to tax at £29.5m against £19.4m.

Commenting on the U.S. performance, Sir Gordon White, chairman of Hanson Industries, said that each of the seven U.S. divisions made a significant contribution to profit and return on capital with improved results from the restructured USI companies.

Despite increased textile imports into the U.S., Carisbrook remained competitive and gave a good performance. Profits advanced from £6.6m to £9.4m.

the coming years.

He points out that the older industries which are able to

adapt to the new environment give excellent opportunities for recovery and it is the aim of

the trust managers to identify such opportunities for invest-

ment by the trust.

Tax for 1984-85 rose from £402,000 to £446,000 to leave

earnings per share at 2.8p, compared with a previous 2.36p.

Dividend payments will absorb £1.06m (£880,000).

Leisure Development

Leisure Development has acquired the Medina Rajneesh Body Centre in Hampstead, in a £420,000 deal. The club will be renamed "Ragdale Health

Saxon Oil



rocessed meats, and Interstate, food management and vending, improved further on last year's very good results. They added £1.4m more at £5.8m. The office furniture companies

The office furniture companies have had the best six months in their history, but he said that Consumer Products, with profit of £14.7m (£14m), reports a first half slowdown at Endicott Johnson, shoe manufacture and retailing.

USI Industrial benefited from cost-cutting and sold two

80\_ Hanson Trust

Sir Gordon said that Hygrade, marginal producers, Poly Tech and Jernberg, for \$37m. The division made a first time contri-

bution of £7.4m on turnover of In the UK, profits at London Brick were on target, and ahead of the previous year. Butterley also reported increased profit. The brick and landfill companies antiques of the previous years.

years, lifting operating profits by £44m to £18.5m. Productivity and return on capital continue to improve.

Thanks to another record Christmas and New Year Allders Department Stores, with profits up from £11.9m to £16.1m, beat budgeted profit and last year's figures. The strength of tourist traffic at Heathrow in the winter shows every sign of continuing into the summer at Allders International's duty-free

Lindustries was again ahead of budget, yielding further improvements in profit—ahead by £2m at £12.1m—and its already "excellent return on capital employed" with good performances from Robinson Willey, gas fires, Delanair, car heaters, and Crabtree and Mabourn, electrical accessories.

In Engineering, where profits slipped to £4.9m (£5m), demand in the machine tool sector is strengthening and Rollaiong, site accommodation, had another accommodation, nad another record result. Northern Amalgamated Industries had excellent results with a good per-formance from Dufaylite's fire protection products. Engineering turnover fell from £68.5m to

After the higher dividend which will account for £17.9m against £11.4m, the group will retain profits of £58.5m (£33.4m).

#### Strong assets growth at New Throgmorton

AFTER-TAX revenue of the to rise "relatively strongly" in New Throgmorton Trust (1983) improved by £172,000 to £1.1m in the year to March 31 1985 and a final dividend of 1.7p per 25p income share lifts the net total from 2.25p to 2.7p, an increase of 20 per cent.

At year-end net asset value applicable to each capital share amounted to 106.1p, a rise of 24.4p on the year and an improvement of 44.94p since the company's capital reorganisation almost two years ago. At April 30 last net asset value was

Gross revenue for the past year pushed ahead from £1.82m to £2.12m. Expenses and interest accounted for £580,000 (£488,000).

New Throgmorton investment trust with a split capital structure specifically designed to take advantage of recovery situations, giving both income and capital growth. Lord Ezra, the chairman, says that even though the full implementation of the trust's investment policy has not yet been fully achieved he believes the "very satisfactory" results

the "very satisfactory" results have begun to demonstrate to all classes of shareholder the advantages of the policy.

The chairman says company earnings and dividends look set

Saxon Oil, whose agreed bid for Petrolex has been topped by a higher agreed bid from Aran Energy, is nevertheless keeping its offer open. It has been extended until June 21.

Chapman Inds. benefits from acquisitions

Investing in new businesses has paid off for Chapman Industries where profits before tax surged from £823,000 to £1.02m in the 12 months ended March 30 1985. Turnover of the London-based

group, which is engaged in the manufacture of envelopes-improved by £5.42m to £21.3m, n increase of 34 per cent. Shareholders benefit from the improved results via an increased final dividend of 6.1p which raises their net total from 8p to

raises their net total from 8p to 8.4p per 50p share.
Operating profits improved by 44 per cent to £1.34m, aided by better results from the paper and packaging interests, a full year's contribution from West Midlands Envelopes and the acquisitions of Doncaster Packaging and Inveresk Stationery.
Interest charges rose from £105.000 to £319.000
Tax took £345.000 (£199.000) to leave net profits at £673,000 Total investment by LDL over the next four years is expected to be between £15m and £20m. The aim is to become the first fully-listed health-related leisure

Tax took £345,000 (£199,000) to leave net profits at £673,000 against a previous £624,000.

Extraordinary debits were reduced from £416,000 to £102,000. These were incurred on the withdrawal of envelope manufacture at the Croydon factory. Exceptional costs relating to this moye and the setting up of new activities at the factory reduced the level of operating profits.

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#### Morgan Comm. heartened by trend for freesheets

profits up from £509,000 to 5825,000 on turnover ahead by £2.4m at £6.9m.

Mr Paul Morgan, the chairman, says that competition remains keen, but he feels that the underlying trend for free newspapers remains encouraging. Last year the revenue from free weekly newspapers overtook that of paidnewspapers of for weeklies.

The group's expansion programme for the present year is already under way, adds Mr Morgan, with the launch this month of a major title, the Southampton Guardian. He say that the new paper with a that the new paper, with a weekly distribution of 121,000 copies, is the company's first move to win market share from daily provincial newspapers.

Until the Southampton launch the group's activities had been confined to the South West and West London areas, and in the Worthing, Sussex, area. In the year under review two new

Morgan Communications, the title launched or acquired in the fast growing USM company that past two years, compared with produces and delivers the Guardian group of free news of the company's history. All new titles have been financed profits by 62 per cent in the out of retained earnings and Mr 1984-85 year. The results for Morgan says they will be making the period to March 31 showed a steadily rising contribution to profits. profits

The group, which came to the unlisted market in February last tinisted market in reordary last year, is to recommend a final dividend which it considers in line with the results. A payment of 1.5p net per share is proposed, for a total of 2.5p. Last year there was a single final payment of 0.3p.

The tax charge for the year came to £300,000, up from £192,000 last time, when there was also an extraordinary debit of £31,000. Net profit this time came out at £525,000, against £236,000. Earnings per share are stated at 7.31p (4.51p), and coper the dividend a little more cover the dividend a little more than 29 times.

The group retained £381,000 (£232,000) of profits, and shows net assets standing at £925,000, up from £544,000.

Nolton

papers were started—one in London and one in Sussex. Southampton is the eighth Nolton's subsidiary, Nolton Development Capital has agreed to acquire 10 per cent of the McNally Design Group, a newly formed company which will engage in product design and engineering in a wide range of industrial and commercial applications.

The consideration of £156,000 will be satisfied by a vendor placing to institutional clients of Margetts & Addenbrooke of 313,938 ordinary shares in Nolton

#### Brammer censured by Takeover **Panel**

THE TAKEOVER Panel, in a rare public-intervention in a running bid battle, yesterday delivered a stiff rebuke to Brammer, the bearings distribution group, and its merchant banking advisers Kleinwort Benson.

The Panel's action followed several days of increasingly acrimonious sniping between Bunzi, which is making a hostile £117m bid for Brammer, and its target. The taunts and ripostes have mainly concerned Brammer's own £44m agreed bid for Energy Services and Elec-

Bunzi, the paper group, has claimed that the purchase of ESE is ill-conceived, expensive, and a defensive move to thwart Bunzl's bid, which is explicitly conditional on the ESE purchase being dropped. Bunzi also said Brazamer was rushing its shareholders, who will meet June 14 to consider the ESE move, into the acquisition.

Brammer yesterday accused Bunzi of making "selectively misleading and illogical statements . . . We take this deliberate attempt by Bunzi to mislead our shareholders very seriously and accordingly have complained to the Takeover Panel."

The statement, issued by Reinwort on Brammer's behalf, continued: "The Takeover Panel supports our view that such statements are misleading and should not be repeated."

The Panel, which strongly prefers to keep confidential its contacts with bid partici-pants and usually makes fairly restrained public statements, wasted little time in disassociating itself firmly from Brammer's remarks.

Brammer's reference to the Panel, it said, "has not been approved by the Panel. Fur-ther, the statement regarding the Panel's support for the complaint does not reflect any decision by the Panel."

Bunzi is expected to preduce its formal offer docu-ment for Brammer today. Meanwhile, Brammer will intensify lobbying of its share-ESE bid at its annual meet-ing. (The bid for ESE has still to be accepted by ESE shareholders.)

On Bunzl's charge that the ESE was a defensive move, Brammer said yesterday that of our strategic development for many months." ESE, an electronic equipment rental and sales group, was until recently the subject of a hosfile bid from Shell company Peek Holdings. Peek only just failed to win with acceptances totalling 49.7 per cent of ESE's equity.

## McCorquodale reaps investment benefits as profits rise 35%

THE BENEFITS of heavy ment is running six months captal expenditure programmes behind schedule. in the past few years are now paying off for McCorquodale, specialist printer and manufacturer of printing machinery, says Mr Alistair McCorquodale, the chairman.

In the half-year to end-March 1985 pre-tax profits rose by 35 per cent, from £3.78m to £5.11m, with record levels of activity in many sectors, he adds, and the recent restructuring has strengthened the group's ability to grow profitably.

The interim dividend is raised from 2p to 2.3p net. Last year a total of 5.4p was paid on profits of £8.1m. Stated earnings are higher at 8.08p, against 6.56p adjusted for the bonus element in the February rights issue.

in the February rights issue.

Total sales amounted to
£75.72m (£57.37m), with McCorquodale and its subsidiaries
accounting for £68.6m (£52.57m)
of this, and the associated companies adding £7.13m (£4.5m).
Comparative figures are restated. McCorquodale and subsidiaries

McCorquodale and subsidiaries had an operating profit of \$4.52m (£3.51m), from which interest payable less investment income took a higher £3.07m (£2.5m). This increase was due to the additional cost of financing the new acquisitions and related capital expenditure. The second of the recent rights issues, which generated £14.8m, only benefited the group during the last five weeks of the period under review.

During the past 12 months the group has made a number of strategically important acquisitions, the chairman says, which have added considerably to the group's existing long established businesses.

The recent establishment of four operating sub-groups has created a structure capable of absorbing rapid expansion. The group is growing fast and profit-ably. Mr McCorquodale adds, and continues to face the future with

confidence.

The books and publications companies generally had a busy and profitable baif year, and although the packaging and colour card companies have benefited from higher levels of economic activity, there are signs of a weakening of demand in some markets.

The UK cheque printing business has come through a period

ness has come through a period of extreme competition with reasonable success, but development of the group's new generation of cheque printing equip-

The North American investments have had a particularly good balf year, with the new publishing interests, especially the new acquisition R. S. Means, making a sizeable contribution to group profits, the chairman In addition the



performance in particular from the business forms company in Brazil.

Tax amounted to 21.57m (£1.48m), Minorities took £3,000 (£11,000). There were extraordinary items last time of £892,000, and preference dividends are unchanged at £2,000 to leave attributable profits at £3.54m (£1.39m).

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McCorquedale has managed to put behind it the odd grumble heard in the City after its January rights issue, which came just 12 months after the previous call on shareholders cash. The call on shareholders cash. The shares yesterday rose 21p on these results before falling back to close 10p up at 170p. The market was broadly satisfied with the 35 per cent increase in pretax profits, made up of internal growth and half from acquisitors. However, there were there growth and half from acquisi-tions. However, there were sharp differences between the three main divisions — a strong advance at books and magazines was offset by a flattish perform-ance in packaging, where demand has weakened slightly, and a small profit fall in security printing, where McCorquodale faces intense competition from rivals including Norton Opax. rivals including Norton Opex. Meanwhile, the development of new generation security printing equipment is about six months equipment is about six months behind schedule, though there are hopes now of making up lost time. Nevertheless, the group seems to be pulling through a period of beavy investment quite strongly, with earnings per share up 23 per cent. For the year film-plus pre-tax is in prospect, which puts the shares on a mulwhich puts the shares on a mul-tiple of about 10; (31 per cent tax charge), broadly in line with the sector.

#### DIVIDENDS ANNOUNCED

|                        | - 3.     | Date -   | Corre- | Total          | Total  |
|------------------------|----------|----------|--------|----------------|--------|
| ne sizek i sisekin je€ | urent    | _of sp   |        |                | last : |
|                        | ayment   | payment. |        |                | year   |
| Chapman Inds           | 6.1† · · | July 18. | 5.8    | _ <b>8,4</b> ' | 8 .    |
| Atking Bres            | 4†       | July 26  | 3.65   | 5.35           | 5      |
| De La Rue              | 21.75    | July 27  | 18.4   | 30             | 25     |
| Gleves Group           | 2        | July 11  | 1.77*  | 3              | 2.5*   |
| Hanson Trust           |          | July 26  | 1.17*  | -              | 3.33*  |
| Holden Wydroman        | 2,275‡   |          | -      | 3.25           | . —    |
| McCorquodaleint.       | 2.3†     | July 25  | 2 '    | _              | 5.4    |
| Morgan Comm            | 1.5      | _ `      | 0.3    | 2.5            | 0.3    |
| New Throgmorton        | 1.7      | July 19  | 1.25   | 2.7 -          | 2.25   |
| Nercros                | 6        | <b>—</b> | 5.2    | 8.6            | 7.5    |
| Plysu                  | 2.31     |          | 1.9    | 3.25           | 2.7    |
| Time Products          | 1.25     | Aug 30   | 1      | 1.5            | 1      |
| UKO Intal              | 3.5      | Aug 14   | 1<br>3 | 5              | 3      |
|                        |          |          |        |                |        |

Dividends shown pence per share net except where otherwise stated.

\* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

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### **UK COMPANY NEWS**

# De La Rue lifts profits by 24%

STRONG performances from its currency division and Croafield Electronics subsidiary, contributed to record results for De La Rue Company, the security and electronic equipment group.

The company also amounced yesterday the sale of its Security Express subsidiary to Mayne Nickles, an Australian security company for fifem.

Taxable profit for the year to the end of March was £46.43m, a rise of more than 24 per cent on the previous year's £37.36m. That was achieved on turnover which was up by almost 24 per cent to £337m.

The chairman, Sir Arthur

an excellent result. Profits, before tax and interest, rose from £5.5m to £9.3m.

The buoyancy of the U.S. economy, which takes about 40 per cent of the division's output, was a major factor in the improvement. Sales to the Far East, in particular Japan, however, have also shown considerable growth.

The chairman says that CEL faces the future with confidence and a healthy order book. Results for the next 12 movever, depend to a large extent on the performance of the U.S.

June 5 1985

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to 2337m.

The chairman, Sir Arthur U.S. economy.

Norman, says that the currency division had an exceptionally was up by a



Hydroman

suffers 40%

DESPITE AN increase in turn-over of almost 3 per cent in the year to the end of March 1985, pre-tax profits for Holden Hydro-man, the Herefordshire-based

specialist engineer, fell by almost 40 per cent.

The problems encountered in the first half grew worse in the second when tursover fell from £2.05m to £1.88m and pre-tax profits tumbled from £312,000 to £147,000. The outcome for the year saw profits fall to £304,000 (£504,000), on turnover £284,000 higher at £3.85m.

After tax of £110,000 (nil) earnings per 10p share were 5.09p against the previous year's 14.28p. A final dividend of 2.275p is proposed, making a total for the year of 3.25p, which was the figure forecast when the com-

figure forecast when the com-pany came to the USM in May last year.

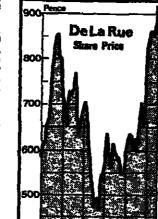
last year.

Holden hi s' component supplier to the motion industry and the directors put part of the blame for the profit fall on the dustrial troubles, resulting in new models being delayed and the loss of production. Orders for two model variants were also cancelled.

The problems encountered in

profit fall

Trading profit before interest was up by a little more than 50 per cent to £42.48m. Net interest payable, however, was much higher at £4.01m (£0.46m), as a result of the record level of capital spending throughout the group and the need for increased working capital, which, Sir Arthur says, is demanded by the fiercely competitive canditions in overseas markets. Trading profit before interest



strength of the U.S. dollar. Exports, at £176.3m, represented 53 per cent of turnover, an increase of more than 25 per cent. Sales by overseas companies accounted for a further 28 per cent of turnover, at 288.41m, with UK sales, at 270.29m, making up the remainder. comment

The City was taken aback by this 24.3 per cent jump in pre-tax profits of De La Rue, which put the shares up 47p to 925p. The strong performance of Crossield Electronics, which was making heavy losses only two years ago, might have been expected, given the extent of demand in the U.S., accounting for about 40 U.S., accounting for about 40 per cent of sales. But the improvement in the security side, where profits slipped last year, was much bigger than anticipated, with De La Rue gaining market share in rather that was the sale cutting costs. gaining market share in rather static markets and cutting costs to help raise trading margins from under 12 to nearly 15 per 21.75p is proposed, making a total for the year of 30p, compared with the previous year's total of 25p.

In June 1984 De La Rue bought Systems in the U.S. It is involved in the creation and implementation of systems to protect sensitive installations, such as nuclear power plants.

Nine months profits were insood year with some clients requiring unusual and unpredictable volumes of banknotes within a short period. That stretched resources at times but the benefits of working at full capacity were realised.

Demand for travellers' cheques had picked up and the group's share of the world market had increased.

Prospects for this year are good, although Sir Arthur says that margins are under renewed pressure.

Crossield Electronics, which won its seventh Queen's Award during the year, its fourth for technical impovation, produced to the figure of 6i.lp for 198384.

With the sare of profits of related companies down at file share of profits of related companies down at file share of profits of related companies down at file share of profits of related companies down at file share of profits of related companies down at file share of the world market had increased.

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In June 1984 De La Rue bought Systems in market was also fairly pleased to recation and implementation of stallations, such as nuclear power installations, such as nuclear power included in the figures and were up to expectations.

E24.93m (£17.92m).

That leaves earnings per share at 78.9p, an increase of a li

its closed its pharmaceutical wholesaling business during 1982-83.
Group turnover for 1984-85 pushed ahead from £29,9m to per 25 p share.

#### Profit downturn at Southend Stadium

Pre-tax profits of Southend Stadium dropped from £147,000 to £116,000 in 1984, on lower turn-over of £518,000, against £542,000.

#### **Continued** recovery for Time **Products**

DESPITE A fall in profits from it Remex subsidiary in Hong Kong, Time Products has con-tinued to progress during the year to end-January 1985, with E3.1m achieved at the pre-tax level. In the previous year the group had climbed back to profits of £2.7m, following losses of £3.88m. At the half way stage this time profits had more than doubled from £31,000 to £75,000. Mr Richard Langdon, in his first report as helders are the stage of the st

Mr Richard Langdon, in his first report as chairman, says that following the restored interim, in increased final dividend of 1.25p (1p) will be recommended, lifting the total to 1.5p. Stated net earnings per 10p share are shown as 5.07p (4.99p).

The group, a watch and clock distributor, manufacturer and retail jeweller, increased turnover from £50.69m to £52.28m, with UK sales reaching £32.67m (£30.54m).

Turnover of the Remex Group fel Islightly to £19.61m (£20.15m(, but the substantially lower pretax result of £384.000 (£12.5m) was after higher finance costs of £2.1m against £1.84m. In the UK, finance income rose from £32,000 to £203.000, to leave pre-tax profits higher at £2.23m (£1.45m).

The chairman says that reorganisation of the business in Hong Kong is no wnearly complete although the high energians although the high energians. reorganisation of the business in Hong Kong is no wnearly complete, although the high cost of borrowing is still a burden. During the year borrowings were converted from short-term debt to thee-year loans. The costs of the refinancing have been charged against this year's profits.

Hong Kong borrowings were reduced from HK\$135 to HK\$117m, but, due to exchange fluctuations ,the chairman says that this has not been reflected in the balance sheet. He expects a further reduction in borrowings during the present week.

a further reduction in borrowings during the present year.

Towards the end of the financial year the group acquired the House of Lipkin Group, a UK manufacturers and supplier of rings, jewellery and synthetic and cultured pearls, and it is expected to make a significant contribution. contribution.

Tax took £583,000 (£213,000).

and minorities nil (£9,000), After extraordinary items totalled a higher £249,000 (£37,000), the amount attribut-able to shareholders was reduced to £2.27m (£2.44m).

#### comment

Time Products has clocked in slightly below some of the more optimistic market forecasts and as a result yesterday saw a 24p drop in the share price to 434p. Nevertheless the company has come a long way from the 15p level struck in mid-1983. Then the feared question was "would the Hong Kang moit. Remen, drag the whole company down compleyely." Now Remer is making a modest contributon, is repaying its debts and could be reday for sale within two years—it is essentially not the kind it is essentially not the kind of business the new look Time wants. Increasingly fashion and quality oriented the group has just acquired Lipkin, a £7m turnover jewellery company, from Woolworth for an undisclosed sum. With the UK side increasing margins as a result of 've shift upmarket, the object must be to centain trading lusts be to centain trading lusts be to remain trading the shift upmarket, the object must be to remain trading declared aim of "selling watches that work to people who pay," the company seems to have convinced the market that it is no longer an intensive care patient and is responding well to treatment. For this year £3.75m pretax is forecast by brokers, which tax is forecast by brokers, which has the shares trading on a prospective multiple of just over

7 (20 per cent tax charge).

Bentalls advances Mr Edward Bentall chairman of Bentalls said at the annual meeting that sales are showing an meeting that sales are showing an increase of 11 per cent over last year. This, together with elimination of the interest charge as a result of the sale proceeds of the old Ealing store, means that the company can expect a substantial increase in first half profits.

stantial increase in first name profits.
Of the Kingston store site, the company is finalising the development brief which will go out at the end of the month to a limited number of developers. However, it is likely to be some months before their plans are finalised.

Godfrey Davies

Godfrey Davies
Godfrey Davis (Holdings), a
Ford main dealer and also Britain's largest operator of Park
Home Residential Estates, has
acquired the Tower residential
park home at Hullbridge, Essex,
for £750,000.

The acquisition will add a
further 200 homes, bringing the
company's total to more than
2,900 at 24 residential parks.

Mr Cecil Redfern, group chairman, said he was confident that
the acquisition would "further
increase the profitability of
Godfrey Davis (Holdings)."

Watshams buy Lontec, a wholly-owned sub-idiary of Watshams, acquired sidiary of Watshams, acquired Drayton Technical Services, a supplier of drawing office materials and printing materials. Consideration of £775,000 was in cash. Value of net assets acquired was £195,000 and profits attributed to the asset being acquired were £120,134 for the year to October 31 1984.

The acquisition will enable Lontec to "significantly" increase its market penetration in a field with which it is already associated.

L. D. and S. Rivlin Acceptances have been received for 88 per cent of the L. D. and S. Rivin Holdings rights issue. The remaining 61,000 new ordinary shares have been sold in the market at a premium. THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action to be taken you should consult your stockbroker, bank manager, solicitor. accountant or other professional adviser immediately.

#### TENDER OFFER

**Kent Holdings Limited** 

(a company controlled by Mr. Michael P. Kent) to purchase 950,000 Ordinary shares of

## **Exeter Building &** Construction Group P.L.C.

Brokers to the Tender Offer

#### de Zoete & Bevan

To all ordinary shareholders of Exeter Building & Construction Group P.L.C.

de Zoete & Bevan, acting on behalf of Kent Holdings Limited, offer to purchase by tender a maximum of 950,000 Ordinary shares of 50p each ("the stated maximum") of Exeter Building & Construction Group P.L.C. on The Stock Exchange on the following terms:-

- 1. The maximum price per share shall be 140p. Tenders rendered at fractions of a penny will not be accepted.
- Unless Tenders in respect of more than an aggregate of 189,656 Ordinary shares (5 per cent. of the issued ordinary share capital) are received, the Tender Offer shall be void.
- Subject to the provisions of paragraph 2 above, all Tenders will be irrevocable.
- The Tender Offer will close at 3.30 p.m. on Wednesday 12th June, 1985.
- 5. Where a Tender is accepted and results in a sale, settlement will be effected between The Stock Exchange member firms concerned (through The Stock Exchange "Talisman" System) on 2-ith June, 1985, being the settlement day following The Stock Exchange Account ending on 14th June, 1985. Normal Stock Exchange commission rates will apply to successful tenders in respect of the number of shares
- 6. The Exeter Building & Construction Group P.L.C. shares are to be acquired free from all liens, charges and encumbrances and with all rights attaching thereto, including the right to receive all dividends and other distributions declared, made or paid hereafter.
- 7. Mr. Michael P. Kent, through a company controlled by him, owns 185,000 Ordinary shares of Exeter Building & Construction Group P.L.C. (approximately 4.9 per cent.), all of which have been purchased since January 1985. If Kent Holdings Limited receives the maximum amount of shares being offered for, Mr. Kent will control 29.9 per cent.
- If the number of shares tendered for sale is above the stated maximum, the striking price will be the lowest price at which the stated maximum number of shares is met and all shareholders who tender at or below the striking price will receive that price. If necessary, tenders made at the striking price will be scaled down pro rata or will be balloted. If the number of shares tendered is less than the stated maximum, tendering shareholders will receive the maximum price of 140p per share, subject to paragraph 2 above. No shares tendered above the striking price will be accepted. Shareholders wishing to sell their shares under the Tender Offer should be aware that it is possible that the striking price could be below the maximum price.

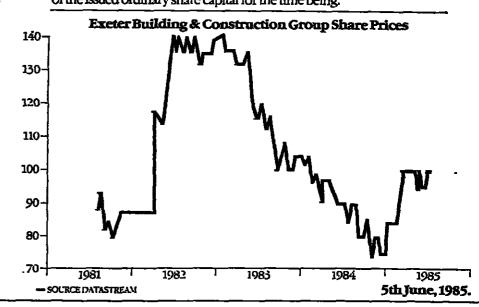
#### **Procedure for Tendering**

Ordinary shareholders of Exeter Building & Construction Group P.L.C. who wish to tenderall or some of their shares under this offer at the maximum price or a lower price can do so by contacting their stockbrokers or other professional adviser. Tenders will be held by The Stock Exchange until the offer closes at 3.30 p.m. on Wednesday 12th June, 1985.

lenders by stockbrokers on behalf of clients and tenders by jobbers must be in sealed envelopes and lodged in accordance with requirements of The Rules and Regulations of The Stock Exchange.

#### **Future Intentions**

In the event of the Tender Offer succeeding in full Mr. Michael P. Kent does not intend to acquire directly or indirectly any further Ordinary shares in Exeter Building & Construction Group P.L.C. in the foreseeable future so as to increase his percentage interest to more than 29.9 per cent. of the issued ordinary share capital for the time being.



## **UKO INTERNATIONAL PLC**

#### INCREASED PROFIT AND DIVIDEND

Results for year ended 29th March 1985

- Profit advances 31% to £3.6m.
- Total dividend up from 3p to 5p.
- Result achieved on turnover 9% higher at £63,779,000.
- Earnings per share up 27% from 16.4p to 20.8p.

"The improved Group results were due to increased turnover and better operating efficiency. Sales in both divisions attained record levels."

Sir lan Morrow - Chairman

UKO International PLC, Bittacy Hill, Mill Hill, London NW7 1EN.

# Pavion gives Sangers a boost Sangers, the photographic and the acquisition Sangers is promanufacturing holding company, posing to adopt the name of continued its recovery through the second six months and Shareholders are told that the swung from pre-tax losses of purchase of Pavion earlier this saling contributed £14,000 to the purchase of Pavion earlier this saling contributed £14,000 to the previous year's figures. The lossed its pharmaceutical whole-saling hosiness during the profits of \$250,000 to leave net profi

Included in the results was an 18-day contribution from Pavion, the U.S. cosmetics group, which the directors anticipate will settle the future direction

an 18-day contribution from Pavion, the U.S. cosmetics group, which the directors anticipate will settle the future direction of Sangers.

They expect a continuous process of adjustment to meet the demands of the future and to bring to fruition the existing prospects.

Reflecting the significance of 1982-83.

Group turnover for 1984-85 to earnings of 0.2p (losses 0.9p) per 25 p share.

Pending the Pavio acquisition the group requested that dealings in its shares be suspended.

Pavion, the U.S. cosmetics group, droup turnover for 1984-85 per 25 p share.

Pending the Pavio acquisition the group requested that dealings in its shares be suspended.

Trading recommenced in to 2709,000. Sangers Photo-bring to fruition the existing prospects.

Reflecting the significance of tron and Colpitt from £160,000 to

# **County Bank launches**

open-ended BES fund BY WILLIAM DAWKINS

County Bank, the merchant for tax relef-as soon as an indi-benk, will tomorrow launch its vidual subscriber's cash is in-third. Business Expansion vested. While shareholders in closed agus Callandaea

targeted.

They add that the company is involved in several new developments, on which orders have been obtained which will replace the work lost and increase turn-Under the BES, shareholders Under the first, snareholders receive tax relef for investing in a wide range of improted companies. Investors in closed funds cannot receive tax relief until the entire fund is invested.

tax year. It is offering to waive the initial 3 per cent manage-ment fee for subscriptions received before July 15.

Unlike most BES funds, in closed funds have equal exposures to the fund's companies, each investing while still taking subscriptions. Closed funds cannot invest until they have received all the subscriptions for which they have received which they have received all the subscriptions for which they have received here. They are constraints to the initial 3 per cent management fee for subscriptions to the initial 3 per cent management fee for subscriptions.

The minimum investment is £5,000 and applications above that level must be in multiples of £1,000. The fund will not specialise in any industrial sector, but will be looking for capital growth.

After tax of £48,000 (£73,000) earnings per 5p share were down from 1,42p to 1,28p. The ordinary dividends is held at 0,55p net.

The company has lodged an outline planning application for the redevelopment of its 9.45 acre site, currently used as a greyhound racing track. The redevelopment will comprise four probability agreement will comprise four retail warehousing units, a fast food restaurant, car parking and a small number of houses.

Three leading operators of retail warehouses have indicated their interest in becoming tenants for do-it-yourself, electrical, carpet and furniture units in three of the four proposed buildings.

the work lost and increase turn-over above existing levels.

The new business, coupled with an upsurge in traditional business, supports the confidence in the future of the chairman, Mr Bill Holden.

U.S. \$182,460,000 BP Capital B.V.
(Incorporated in The Netherlands with limited liability)

*ZERO COUPON NOTES 1995* 

## The British Petroleum Company p.l.c. (Incorporated in England under the Companies (Consolidation) Act 1908, registered number 102498)

The following have agreed to subscribe or procure subscribers for the Notes:

MORGAN STANLEY INTERNATIONAL

S. G. WARBURG & CO. LTD.

CREDIT SUISSE FIRST BOSTON LIMITED

MORGAN GRENPELL & CO. LIMITED

MORGAN GUARANTY LTD

NOMURA INTERNATIONAL LIMITED

SALOMON BROTHERS INTERNATIONAL LIMITED

UNION BANK OF SWITZERLAND (SECURITIES)

Application has been made to The Council of The Stock Exchange for the Notes in Bearer form, in the denominations of U.S. \$1,000 and U.S. \$10,000, with an issue price of 38.59 per cent., payable as to 12.09 per cent. on 20 June 1985 and 26.50 per cent. on 20 December 1985, to be admitted to the Official List, subject only to the issue of the temporary

Particulars of the Notes, the Issuer and the Guarantor are available from Extel Statistical Services Limited. Copies of the listing particulars relating to the Notes may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 19 June 1985 from:

Hoare Govett Ltd.,

Company Announcements Office, The Stock Exchange, Throgmorton Street, London, EC2P 2BT. (up to and including 7 June 1985 only)

The British Petroleum Company p.L.c., Britannic House, London, EC2Y 9BU.

336 Strand, London, WC2R 1HB.

This advertisement is issued in compliance with the requirements of The Council of The Stock Exchange. It does not constitute an offer of, or invitation to the public to subscribe for or to purchase, any securities.

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**COUNTY BANK LIMITED** 

BANQUE NATIONALE DE PARIS

DEUTSCHE BANK AKTIENGESELLSCHAFT

SWISS BANK CORPORATION INTERNATIONAL

Heron House, 319/325 High Holborn, London, WCIV 7PB.

Citibank, N.A.,

5 June 1985

## Sturge obtains a full listing

THE LONG-AWAITED introduc-tion to the Stock Exchange of Sturge Holdings, one of the largest independent Lloyd's underwriting agencies, came yesterday with the directors applying for the whole of the issued ordinary share capital— 26,584,011 shares—to be admitted to the Official List.

Dealings are expected to start next Monday. Previously the shares had been traded under Rule 163.

Sturge will be the first under-writing agency to be fully listed on the Stock Exchange. Since it already has a sufficiently large widespread shareholding it satisfies the listing criteria and an introduction is sufficient.

The company acts as members' agent for 1,551 members of Lloyd's and manages 16 syndicates in the marine, non-marine, aviation and motor markets with a combined capacity for 1985 of 470m, involving over 6.800 mem-

bers.
These include the members' agency and managing agency of Edwards and Payne, acquired in February of this year, when R. A. Edwards and Co (Holdings) was purchased from Sedgwick Group.
The prospectus shows that turnover of the company rose from £1.95m in 1980 to £5.72m in 1984, with pre-tax profits rising over this period from £1.45m to £4.90m. Attributable profit in 1984 was £2.51m with an earn-

ings per share of 10.52p.

The interim results for the six months to March 31 1985 show

4.02p. The directors are fore-casting pre-tax profits for the full year to September 30 of full year to September 30 of £7m, including seven-ninths of £7m, including seven-ninths of £7m, including seven-ninths of £3.8m and earnings per share of £4.9p. A forecast dividend of £9 net for the full year is made, which compares with a £3.9p dividend paid in £384.

in 1984.

Mr David Coleridge, chairman of Sturge, pointed out that following recent losses in the company market, worldwide insurance capacity outside Lloyd's had been sharply reduced and a substantial volume of business was now returning to Lloyd's market. There were encouraging signs There were encouraging signs that premium rates were hardening across most major sectors of the market and he believed that there was a return to more profitable underwriting condi-

other Lloyd's underwriting agencies could well follow this lead of Sturge in seeking a full Stock Exchange quotation.

Samuelson Group Outline terms have been agreed for the Samuelson Group's proposed £2.1m acquisition of the Sydney-based John Barry Group and its subsidiary.

The terms are subject to approval by the Australian

The interim results for the six months to March months to March 31 1985 show 31, 1985 Barry made pre-tax profit of £1.92m and an attributable profit of £1.06m, assets at that date were approximately A\$1.1m.

## TYSONS (CONTRACTORS) P.L.C.

Results for the year ended 31st December, 1984

| Group Turnover                               | 1984<br>£<br><b>24,9</b> 39,880 | 1983<br>£<br>20,732,118 |
|--|---------------------------------|-------------------------|
| Group (Loss)/Profit before Taxation Taxation | (1,528,106)<br>47,915           | 812,655<br>20,762       |
| Group (Loss)/Profit after Taxation Dividend  | (1,576,021)<br>125,000          | 791,893<br>125,000      |
| Transfer to/(from) Reserves                  | (1,701,021)                     | 666,893                 |
| (Loss)/Earnings per Share                    | (31.52p)                        | 15.84p                  |

The Annual General Meeting of the Company will be held at the Atlantic Tower Hotel, Chapel Street, Liverpool, on the 28th June. 1985.

The proposed First and Final Ordinary Dividend will be paid or the 1st July, 1985, to Shareholders on the Register at the close of business on the 13th June. 1985.

#### LEARN HOW TO DO BUSINESS IN JAPAN

Join investment specialists, trade experts, importers and exporters at the TOKYO/NEW YORK BUSINESS DAY CONFERENCE on

Wednesday, June 12. Highlights:
"Strategies for Doing Business in Tokyo"
"Investment and Financial Services in Tokyo"

"Trade with Japan"
"Opportunities and Problems in Tokyo/New York Business
Relations"

"Taking Advantage of New York City's Real Estate
Opportunities"
Registration deadline for the full-day program is JUNE 7.
Call Andre Adler at the New York Chamber of Commerce
561-2179

## Hunting aims at capital strength via reverse bid

Hunting Gibson, the ship-broking, computer services and two other quoted companies—property refurbishment group, said yesterday that the need to and Hunting Petroleum Services. strengthen its capital base lay behind its proposed acquisition of the Hunting Group, a related private investment company, in family.

amounced m online last week-together with publication of its 1984 results, which showed pre-tax profits down from £2.74m to £1.18m on turnover of £13.19m (£14.11m).

(£14.11m).
Hunting Gibson, which has just 8.4m shares in issues, is planning to issue a further 13.87m to acquire the Hunting Group.

Hunting Gibson's shares were suspended last Thursday at 105p, which values Hunting Group at approximately

a complex reverse takeover.

The company spelt out full details of the proposed deal—announced in outline last week—together with publication of its statement of the deal would be to increase Hunting Gibson's 1984 earnings per share from together with publication of its statement of the deal would be to increase Hunting Gibson's 1984 earnings per share from the deal would be to increase Hunting Gibson's 1984 earnings per share from the deal would be to increase Hunting Gibson's 1984 earnings per share from the deal would be to increase Hunting Gibson's 1984 earnings per share from the deal would be to increase Hunting Gibson's 1984 earnings per share from the deal would be to increase Hunting Gibson's 1984 earnings per share from the deal would be to increase Hunting Gibson's 1984 earnings per share from the deal would be to increase Hunting Gibson's 1984 earnings per share from the deal would be to increase Hunting Gibson's 1984 earnings per share from the deal would be to increase Hunting Gibson's 1984 earnings per share from the deal would be to increase Hunting Gibson's 1984 earnings per share from the deal would be to increase Hunting Gibson's 1984 earnings per share from the deal would be to increase Hunting Gibson's 1984 earnings per share from the deal would be to increase Hunting Gibson's 1984 earnings per share from the deal would be to increase Hunting Gibson's 1984 earnings per share from the deal would be to increase Hunting Gibson's 1984 earnings per share from the deal would be to increase Hunting Gibson's 1984 earnings per share from the deal would be to increase Hunting Gibson's 1984 earnings per share from the deal would be to increase Hunting Gibson's 1984 earnings per share from the deal would be to increase Hunting Gibson's 1984 earnings per share from the deal would be to increase Hunting Gibson's 1984 earnings per share from the deal would be to increase Hunting Gibson's 1984 earnings per share from the deal would be to increase the deal would be to increase the deal would be to increase 1984 earnings per share from 5.45p to a proforma 11.23p and net assets per share from 111.01p to 131.42p.

to 131.42p.

Hunting Gibson said that its directors had concluded they could not justify paying a final 1884 dividend unless the capital base of the company was strengthened. But provided the deal with Hunting Group went through, they would be recommending a final dividend of 4p a share, making 6p for the year, the same as 1983.

Hunting Gibson has been with

The main assets of the Hunting Gibson has been withing Group, controlled by Hunting Gibson has been withdrawing from its traditional ing family interests, are a 31 per cent shareholding in Hunting years, a process completed early

yesterday that the resultant closure costs and losses had led to a material reduction in the ratio between shareholders funds and borrowings.

Last year E. A. Gibson Ship-brokers had produced excellent results but Systemsolve (Com-puter Services) had reported significant losses because of a decline in sales and "the failure to control and coutain costs on fixed price software contracts." New England Properties had also reported losses.

In 1985 E. A. Gibson was again trading well in difficult market conditions while action had been taken over Systemsolve and NEP should return to profit.

If the deal goes through Hunting Gibson will have a 29 per cent recent stake in Hunting Associated Industries and a 43 per cent one in Hunting Petro leum Services, which it intends to maintain for the foreseeable

## Plysu profit advances to £3.9m

ON TURNOVER up by almost 20 per cent, Plysu, the Milton Keynes-based manufacturers of plastic containers, domestic wares and protective clothing, saw pre-

and protective clothing, saw pre-tax profits for the year to the end of March 1985 rise by more than 17 per cent to £3.87m. Turnover rose by £4.58m to £27.88m, which included a contri-bution of £2.93m from the newly-acquired Dutch company, BV Phoenix Plastics. The profits contribution however was very

With tax at £1.56m, against the previous year's £1.3m, when there year's £1.3m, when there extraordinary debit of £695,000, net profits came out at £2.31m, compared with the pre-vious year's £1.31m.

The weather and the miners'

strike are two of the factors

blamed for a poor start to the year by the industrial cleaners.

Wistech. In the six months to

from £133,300 to only £12,500.

the situation has been aggravated by the coal dispute

which had an increasing impact

Profits were also reduced by

asbestos control division, total-ling £127,000, which were charged as revenue items, as

Mr Morgan adds that trading in the last two months of the half-year made up for the losses in the first four months and that the order book for the rest of this year is full. "I anticipate that the pre-tax profits of the company for the second half will be substantially better than those for the second half of last year."

In the record half for year.

In the second half last year, Wistech made pre-tax profits of £127,720 on turnover of £2.03m.

specialised tanker fleet.

on some important customers.

Wistech slumps

Earnings per 10p share were 14.7p, 9.7 per cent higher than the figure of 13.4p for the 1983-84. A final dividend of 2.31p net per share is proposed, making a total for the year of 3.25p (2.7p).

The directors say that in spite of interes committee the house of intense competition, the house-wares division again produced a very satisfactory result and the new products introduced earlier in the year had been well received. But they warn that special efforts will be needed to maintain the company's position

equipment towards the end of the financial year. More similar machinery will be working during in the months to come.

After a disappointing start to the year, containers was more active in the second half. The new factory for making eightweight milk and fruit juice machinery will be working dur the next few weeks.

Capital expenditure last years are assumed to spend a similar amount in the present period.

Capital expenditure last year was £3.98m and the company expects to spend a similar

#### Former M. P. Kent chief seeks 29.9% of Exeter

Mr Michael Kent, chairman of the end of March 1985, on turn-M.P. Kent, the property develop-ment group, until it was acquired by C. H. Beazer (Holdings) last November, is making a tender over up slightly from £1.87m to £1.92m, pre-tax profits slumped offer for up to 29.9 per cent of Exeter Building and Construc-tion Group, a USM listed com-Mr. Tony Morgan, the chairman of the Bridgend-based company, says that the winter is usually a difficult time and this

Exeter's shares rose 30p to 130p yesterday, 10p short of the 140p maximum price which Mr Kent has put on the tender. At 130p Exeter has a market value of £4.9m.

Mr Kent, who is launching the tender offer through Kent Hold-ings, said he had no plans to acquire any further Exeter shares in the foreseeable future if he succeeds in gaining 29.9 per cent. Any further purchases takeover bid unconditional

would trigger a full bid under the City Takeover Code. Mr Kent already owns 185,000 Exeter ordinary shares or 4.9 per cent of its equity, all bought since January 1985. The tender ofter for up to a further 950,000 shares will remain open until

Exeter moved from a restricted Rule 163 (2) listing on the stock market to a USM quote in August 1981. Its most recent figures showed a fall in pre-tax profit from £659,000 in 1983 to £382,000 in 1984 on turnwhich rose from £35m to

Mr Kent and two other directors resigned from the board of M. P. Kent last Novem-

#### Gieves turns in better than expected £1.01m

Gleves Group, tailor, book manufacturer, publisher and motor dealer, has achieved better than expected results for the year to end-January 1985, although the £1.01m pre-tax result is still lower than the £1.23m last time.

In November the directors expected a somewhat lower figure than the £1m previously forecast, but the improvement is due to the especially good performance by its iniloring subsidiary Gieves & Hawkes, and publisher Chivers Book Sales in the last two months of the year.

The directors are proposing a 2p final, making a total of 3p for the year, against an adjusted 2.5p. Stated earnings per 20p share are down from 11.5p to 7.4p.

It is too early to make any

### **BOARD MEETINGS**

#### Granville & Co. Limited

| Company  |          | Member of The National Association of Security Designs and Investment Managers |                         |       |          |               |       |        |       |  |
|--|----------|--|-------------------------|-------|----------|---------------|-------|--------|-------|--|
| High Low   Company   Price Change div.(g) % Actual taxed   148   123   Ass. Brit. Ind. Ord.   148   — 6.8   4.3   8.1   8.8   151   135   Ass. Brit. Ind. Cull.   150   — 10.0   6.8   — 1.3   8.1   8.8   151   135   Ass. Brit. Ind. Cull.   150   — 10.0   6.8   4.3   8.1   8.8   151   135   Ass. Brit. Ind. Cull.   150   — 10.0   6.8   4.3   8.1   8.8   151   152   152   152   152   153   26.5   153   26.5   27.0   2.9   7.8   4.8   7.7   7.1   7. | 8 Lav    | at L   |                         |       | 1        | <b>Teleph</b> | one ( | 1-621  | 1212  |  |
| High Low   Company   Price Change div.(p) % Actual taxed     148   123   Ass. Brit. Ind. Ord.   146   6.6   4.3   8.1   9.8     151   135   Ass. Brit. Ind. CUL.   146   6.6   4.3   8.1   9.8     177   51   Airapring Group   53   6.4   12.1   5.9   7.9     42   26   Arminge and Rhodes   37   2.9   7.8   4.8   7.7     152   108   Bartion Hill   182   +1   3.4   2.2   16.3   25.5     58   42   8rsy Technologies   56   3.9   7.0   6.8   7.9     201   161   CCL Ordinary   161   12.0   7.6   3.9   2.7     152   110   CCL Tipe Conv. Pref   110   15.7   13.8       120   10   Carborundum Ord.   117   4.9   4.2   5.8   9.0     21   10   CCL Tipe Conv. Pref   110   15.7   13.8       120   10   Carborundum Ord.   117   4.9   4.2   5.8   9.0     21   22   Frank Horsell     3.3   17.4     230   122   Frank Horsell     3.3   17.4     258   170   Frank Horsell     284     3.8   10.5   13.9     259   33   Gaorge Blair     49       13.3   17.4     268   170   Frank Burrough   180     18.0   8.3   7.1     213   180   Isis Group   180   180     18.0   8.3   7.1     241   101   Jackson Group   100nd + 2   6.5   5.2   7.1   7.1     252   213   James Burrough   90c Pf.   90     1.9   14.3       243   190   Linguaphone Ord.   223     8.2   8.5     100   21   Ind. Prefinition No.   180     18.0   8.3   7.5   11.8     256   100   Minihouse Holdings     8.2   8.5     8.0     8.0     250   26   Scruttons   A     3.0     8.2   8.5     250   271   Trevian Holdings   300     4.3   1.3   18.8   18.4     300   17   Unilock Holdings   300     13.3   4.3   4.8   21.0     301   301   Walter Alexander     102     5.7   7.5   7.   |          |  | Over-the-Co             | unt   | er Ma    | arke          | t     |        |       |  |
| Migh Low   | _        |  |                         |       |          |               |       | P/1    | E     |  |
| 148       123       Ass. Brit. Ind. Ord  |          | _  | _                       |       |          | Gross         | Yleki |        | Fully |  |
| 151   135   Ass. Britz   Ind. CULS   |          |  | Company                 | Price |          | div. (p       | ; %   | Actual | TEXEC |  |
| 22   Airsprung Group   33   — 6.4   12.1   5.9   7.0   |          |  | ASE, Brit. Ind. Ord     |       |          |               |       |        |       |  |
| 22 26 Armirage and Rhodes 37 — 2.9 7.8 4.8 7.7 152 108 Berdon Hill   |          |  |                         |       | _        |               |       |        |       |  |
| 152 108 Berden Hill  | <i>"</i> |  | Ambient and Shades      |       | =        | 2.0           |       |        |       |  |
| Section  |          |  | MINITED SING PRODUCTS   |       | +1       |               |       |        |       |  |
| 201   181   CCL Ordinary   |          |  | Para Tarkanienien       |       |          |               |       |        |       |  |
| 100   CCI   11pc Cénv. Prof   110   15.7   13.8  | 201      |  |                         |       |          |               |       |        | 27    |  |
| 120   10 Carborundum Ord   | 153      |  |                         |       | -        |               |       |        |       |  |
| 88 84 Carborundum 7.5% Pf. 85 — 10.7 12.2 — — 73 48 Deborah Services — 48 — 6.5 14.1 4.4 7.1 330 182 Frank Horsell Pr Ord 87 284 — 9.6 3.6 10.5 13.9 17.4 288 170 Frank Horsell Pr Ord 87 284 — 9.6 3.6 10.5 13.9 29 — — — — — — — — — — — — — — — — — —   | 120      |  |                         |       | _        |               |       |        | 8.0   |  |
| 330   182   Frank Horsell   330     13.3   17.4  | 88       |  |                         |       |          | 10.7          |       |        |       |  |
| 330   182   Frank Horsell   330     13.3   17.4  | 73       |  | Dehorah Services        |       | _        |               | 14.1  | 4.4    | 7.1   |  |
| 218   180   Isis Group   | 330      |  |                         | 220   | _        |               | _     | 13.3   | 17.4  |  |
| 218   180   Isis Group   | 268      |  |                         | 284   | _        | 9.6           | 3.6   |        |       |  |
| 218   180   Isis Group   180   18.0   8.3   7.1   12.9   124   107   Jackson Group   108nd + 2   6.5   5.2   7.1   7.2   285   213   James Burrough   235   13.7   5.8   8.3   8.3   8.3   3   3   3   3   3   3   3   3   3   | 32       |  |                         |       | _        | _             | _     |        |       |  |
| 218   180   Isis Group   180   18.0   8.3   7.1   12.9   124   107   Jackson Group   108xd + 2   6.5   5.2   7.1   7.2   283   213   James Burrough   235   13.7   5.8   8.3   8.3   8.3   3   3   3   3   3   3   3   3   3   | 59       |  | George Blair            | 69    |          | -             | _     | 4.0    | 7.9   |  |
| 218   180   Isis Group   180   18.0   8.3   7.1   12.9   124   107   Jackson Group   108xd + 2   6.5   5.2   7.1   7.2   283   213   James Burrough   235   13.7   5.8   8.3   8.3   8.3   3   3   3   3   3   3   3   3   3   | 50       | 20   | Ind. Precision Castings | 25    | + 1      | 2.7           | 10,8  | 8,8    | 7.4   |  |
| 124 107 Jackson Group 108xd + 2 5.5 5.2 7.1 7.1 225 213 James Burrough 9pc PI. 90 12.9 14.3  | 218      | 180  |                         | 180   | _        | 15.0          | 8.3   | 7.1    | 12.9  |  |
| 285 213 James Surrough 90c Pl. 90 — 13.7 5.8 8.3 8.3 8.3 8.3 8.3 8.3 8.3 8.3 8.3 8   | 124      |  |                         | 108xd | + 2      | 5.5           | 5.2   |        | 7.2   |  |
| 93 83 James Burrough 90c Pf. 90 — 12.8 14.3 — — 12.5 10.1 Linguaphone Ord. — 223 — — 8.2 8.5 10.0 Linguaphone Ord. — 223 — — 8.2 8.5 10.0 S3 Linguaphone 10.50c Pf. 92.4 — 15.0 16.3 — 8.2 8.5 12.0 31 Robert Jenkins — 32 — 82 — 5.0 8.0 — — 12.5 26.1 12.0 31 Robert Jenkins — 34 — 5.7 16.8 17.9 4.1 12.0 32 61 Torday and Carliste — 76.4 — — 8.0 17.0 444 330 Trevian Holdings — 30 — 4.3 1.3 18.8 18.4 30 17 Umlock Holdings — 30 — 1.3 4.3 14.8 21.0 10.9 81 Walter Alexander — 102 — 7.5 7.4 70.1 12.3   |          |  |                         |       | _        |               |       |        |       |  |
| 94 71 John Howard and Cc. 94 + 1 5.0 5.3 7.5 11.8 226 100 Linguaphone Ord 223 8.2 8.5 100 83 Linguaphone 10.5pc Pf. 22ud - 15.0 16.9 8.5 8.5 100 83 Linguaphone 10.5pc Pf. 22ud - 15.0 16.9 8.5 1.1 27.5 26.1 120 31 Robert Jeckins 82 6.1 5.0 8.0 8.0 12.0 31 Robert Jeckins 84 - 5.7 16.8 17.9 4.1 22 6.1 Tortiay and Carlisle 76ud 8.0 17.0 444 330 Trevian Holdings 330 - 4.3 1.3 18.8 18.4 30 17 Unilock Holdings 300 - 1.3 4.3 14.8 21.0 109 81 Walter Alexander 102 - 7.5 7.4 10.1 12.3   | 93       |  |                         |       | _        |               | 14.3  | _      | _     |  |
| 225   100 Linguaphone Ord  | 94       | 71   | John Howard and Co.     | 94    | + 1      | 5.0           | 5.3   | 7.5    | 11.8  |  |
| 100 83 Linguaphone 10.5pc Pf. \$2xd — 15.0 16.3 — — 650 300 Minihouse Holding NV 830 — 1 8.9 1.1 27.5 25.1 120 31 Robert Jenkins   | 226      | 100  |                         | 223   | _        | _             | _     | 8.2    | 8.5   |  |
| 650     300     Minihouse     Holding     NV     830     —     1     8.9     1.7     27.5     28.1       120     31     Robert Jenkins     —     —     8.0     —     —     —     1.8     17.9     4.1       60     28     Scruttons     A     —     34     —     5.7     16.8     17.9     4.1       82     61     Torday and Carilsis     —     75xd     —     —     8.0     17.0       444     330     Travian Holdings     —     300     —     4.3     1.3     18.8     18.4       30     17     Unilock Holdings     —     20     —     1.3     4.3     14.8     21.0       103     81     Walter Alexander     —     102     —     7.5     7.4     10.1     12.3  | 100      | 93   | Linguaphone 10.5oc Pf.  | 92xd  | ı —      | 15.0          | 16.3  | _      |       |  |
| 120 31 Robert Jenkins 82 — 5.0 8.0 — — 60 28 Scruttons "A" 34 — 5.7 16.8 17.9 4.1 82 61 Torday and Carlisla 75.40 — — 8.0 17.0 444 330 Travian Holdings 330 — 4.3 1.3 18.8 18.4 30 17 Unilock Holdings 30 — 1.3 4.3 14.8 21.0 103 81 Walter Alexander 102 — 7.5 7.4 10.1 12.3  | 650      | 300  | Minihouse Holding NY    |       | - 1      | 8.9           | 1.7   | 27.5   | 26.1  |  |
| 22 61 Torday and Cartisle 75xd 8.0 17.0 444 330 Travian Holdings 330 4.3 1.3 18.8 18.4 30 17 Unilock Holdings 20 1.3 4.3 14.8 21.0 103 81 Walter Alexander 102 7.5 7.4 10.1 12.3   |          | 31   |                         | 82    | _        | 5.0           | 8.0   | _      | _     |  |
| 444 330 Trevian Holdings 330 — 4.3 1.3 18.8 18.4 30 17 Unilock Holdings 30 — 1.3 4.3 14.8 21.0 103 81 Walter Alexander 102 — 7.5 7.4 10.1 12.3   | 60       | 28   | Scruttona " A "         | 34    | <u> </u> | 5.7           | 16.8  | 17.9   | 4.1   |  |
| 30 17 Unilock Holdings 20 1.3 4.3 14.8 21.0 103 81 Walter Alexander 102 7.5 7.4 10.1 12.3  | 32       |  | Torday and Carlisle     |       |          |               |       |        |       |  |
| 103 81 Walter Alexander 102 - 7.5 7.4 10.1 12.3  |          |  |                         |       |          |               |       |        |       |  |
|  |          |  |                         |       |          |               |       | 74.6   | 21.0  |  |
|  |          |  | Walter Alexander        |       |          | 7.5           |       |        |       |  |
| Brian and desire of employe name to the first on Records and a state of  | 247      | 216  | W. S. Yestes            |       |          | 17.4          | 7.8   | 6.5    | 11:2  |  |

### U.S. group set to acquire **Sanderson**

negotiations to sell Sanderson, one of British best-known fur-nishing fabric manufacturers, to West Point Pepperell, the third riggest U.S. textile company.

Reed announced in February that it was putting Sanderson up for sale but it only named a nor sate but it only named a potential purchaser yesterday. It said the business to be sold would include all the wallcovering, furnishing fabric and carpet operactins of Sanderson, including its small wholesaling activities int he U.S. It is possible that some of the property state will

Read Internation) is in advanced

some of the property assets will be sold separately. Reed declined to disclose the Reed declined to disclose the purchasep rice being discussed with West Point. But it said in February it hoped the divestment as a whole would raise more than the £15m of capital employed in Sanderson last year. The company employs some 950 people at four factories.

The disposal of Sanderson is part of Reed's withdrawal from perioheral activities. It recently

part of Reed's withdrawal from peripheral activities. It recently sold its wallpaper subsidiaries to Borden of the U.S. for £28.6m. William Hal ladds from New York: Westpoint-Pepperell has annual sales of \$1.3bn (£926m). Although the U.S. textile industry has been badly damaged by import competition recently. bottles had begun production and the company was setting up the full-scale production of other sizes of container to supplement the four pint bottle which con-tinues to sell well. The directors add that the market for large containers is expanding an othe company is having difficulty coping with demand despite the introduction

has been badly damaged by import competition recently, Westpoint's performance in recent years has held up surprisingly well. Its management and financial performace is highly regarded on Wall Street.

The company is based at West Point about 90 miles south of Atlanta and its 14 plants straddle the Georgia? Alabama state line. The company was started after the Georgia Alabama state line. The company was started after the Civil War by two borthers, Lafayett and Ward Crockett Lanier, both Confederate army veterans. Joseph L. Lanier, the current chairman and chief executive, is the grandson of Lafayette Lanier and the Lanier family still plays an important

family still plays an important role in the company's affairs.

The company is best known in the U.S. for its bed and bathroom

### Australian acquisition

waters and western Australia.

Percentum will retain existing management although its current private owners will leave the company. It produces premium brands mainly from freshly crushed fruit.

dated lost Pesos 15m.

Figures are not yet available. Figures are not the company but the company is expected to be the only member of the "big five" dividend is being raised to 15p to show a profit. Philex is vir.

crushed fruit.

The acquisition is subject to review before July 10 by the Australian Foreign Investment Review Board. If no Australian contender emerges, the purchase price will be paid in cash on that date.

Percentum had pre-tax profits of A\$670,000 in the year ended June 30, 1984. Net book value of the assets to beacquired is about

Ault & Wiborg

Electrical and Industrial Investment, a member of the BET Group, raised its taxable profits from £1.13m for the year to end-March 1985.

FFI has entered into an agree-ment to acquire Kinsealy Farms, a wholesale processor and distributor of fruit and vegetables, for a maximum con-sideration of III.5m.

Ranco Oil Services has completed the acquisition of Thomsen Welding. Consideration of 2800,000 has been satisfied by the issue of 1,242,085 new ordinary in Ramco. Of these 538,940 are being placed on behalf of the vendor to raise £550,000 net.

caribed for 272.727 61 per cent convertible preference shares of £1 in TCL at a total cost of £300,000.

LADBROKE INDEX 1,014-1,018 (+4) Based on FT Index

## Amax to close two mines as molybdenum price weakens again

weakness in prices for the steel industry metal molybdeaum over the past two months, the world's leading producer, Amax of the U.S., has decided to close The decision to close the Climax and Henderson mines from July 1 to September 3 was

taken in order to reduce Amax's own stock levels, and thereby bring the market back into day.
The two mines suffered a three-year shutdown starting in the summer of 1982 in response

to the exceptionally poor market to me exceptionally poor market conditions of the period, which had seen the price fall well below its peak of around \$20 per pound. Current prices for molybdic oxide, the most commonly traded form of the metal, are large than \$1 above the 10.7%

monly traded form of the metal, are less than \$1 above the 1975 level of \$3 per pound.

Amax reopened the mines only just over a year ago because the stock position had improved to the point where additional production was needed.

Both mines have been operating since that time at around half of their combined nameplate capacity of 100m lbs of contained molybdenum a year. Out-

tained molybdenum a year. put during 1984 from the two operations totalled tim lbs.

Production is unlikely to exceed the 50 per cent of capacity level once the mines resume operations in September,

products such as Martex towels but its carpet and rug operations account for about a quarter of its business. The company employs over 20,000 people in plants throughout the south and in Costa Rica.

# Bulmer's £3m

maker, is expanding its business in Australia with ASS.5m (£3m) in Australia with ASS.5m (£3m) purchase of Percentum Foods, a producer of apple and orange juice in Melbourne, Victoria.

Mr Richard Hollis, financial director, said Bulmer had been seeking a presence in Victoria to complement its cider and apple juice operations in New South Wales and Western Australia.

Percentum will retain existing

Aroroy, both in the central said, would enable the group to finish the year with broadly the same profit level as in 1983/84.

The huge first quarter deficit same profit level as in 1983/84.

The huge first quarter deficit same profit level as in 1983/84.

The huge first quarter deficit same profit level as in 1983/84.

The huge first quarter deficit same profit level as in 1983/84.

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The huge first quarter deficit same profit level as in 1983/84.

Ault & Wiborg Ault & Wiborg, maker of printers inks and rollers, has sold for £400,000 cash the goodwill of its container coats and metal decorating inks business and the technical information relating thereto. The purchaser is Arthur Holden and Sons.

An operations loss of £579,000 was reported for that business in the annual report for 1984.

Electrical and Ind.

\* \* \*
Flextech has purchased a 33.5
per cent interest in Thermal
Conversions (UK) from Dunlop
for \$416.702, and has also sub-

Proceeds of the share subscription will provide working capital and further the development of "" is technology.

The preference shares are convertible into ordinary on the hasis of one-for-one so that, on a fully diluted basis, Flexiceh will men 415 per cent of the

will own 41.5 per cent of the

Tel: 01-427 4411

Mr Pierre Gousseland

Amax said yestering The closures will result in a less of production of around Sec pounds of moly.

Some 1,200 employees will be affected by the closurest During the first three weeks, shout 100 hourly-paid workers will be engaged on maintenance projects, while the remainder forlies an extended Fourth of July holiday break which had been arranged previously. Thereafter, all but 80 workers will be laid off.

#### Atlas Mining incurs £21m loss in opening quarter

LOW METAL prices gave Atlas
Consolidated Mining and Development a net loss of Pesos
471.33m (£21m) in the opening
three months of this year,
reports Leo Gonzaga in Manilla.
The latest deficit is more than
three times as high as the loss of
Pesos 145.7m recorded in the
first quarter of 1984, when Atlas
went on to lose Pesos 696.5m for
the full 12 months.
The average price Atlas
Through a subsidiary, it sise has

The average price Atlas realised for its output of copper during the first quarter was 2.56 U.S. cents per pound lower than in the comparable period of last year, while the average realised gold price fell by \$74 per ounce, the company said.

Atlas owns and operates the

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Beyond that, Philex has diver-sified into investing in other activities, notably commercial banking and tyre manufacture. Through a subsidiary, it also has interests in three small produc-

Grand Metropolitan Mr Michael Orr, the finance director of Grand Metropolitan, Arias owns and operates the largest copper mine in the Tall and an improvement in profits fast, located in Takedo, and a medium-sized gold mine in Aroroy, both in the central call, will enable the group to faith the year with bready the



The interim dividend of 0.4p per Ordinary Stock Unit of 25p will be paid on 6th July 1985 to those Ordinary Shareholders on the Register at the close of business on 18th June 1985. Unaudited results of the group for the 26 weeks ended 29th March, 1985 are as follows:

|  | 6 weeks to<br>29.3.85 | 26 weeks to 30.3.84 | 52 weeks to<br>28.9.84 |
|--|-----------------------|---------------------|------------------------|
| Turnover (External Sales   |                       |                     |                        |
| excluding VAT)   | £13.4m                | £13.8m              | £27,9m                 |
| Operating Profit   | £000<br>224           | £000<br>427         | £000<br>1,351          |
| income   | (35)                  | Nil                 | (47)                   |
| Group trading profit<br>Profits less losses on asset                       | 189                   | 427                 | 1,304                  |
| disposals  | 37                    | . 5                 | 117                    |
| Profit on ordinary activi-<br>ties before tax<br>Tax on profit on ordinary | 226                   | 432                 | 1,421                  |
| activities   | 79                    | 140                 | (18)                   |
| Profit on ordinary activi-<br>ties after taxation                          | 147                   | 292                 | 1,439                  |
| Earnings per ordinary  | 1.45b                 | 2.88p               | 14.21p                 |
| Interim Dividend   | 0.40                  | 0.40p               | 3.55p                  |
| Interim Dividend   |                       | 0.40p               |                        |

Accounting Policy Changes Changes have been made, details of which are given below, which bring certain of our accounting policies into line with those generally adopted in the brewing industry. The comparative figures quoted above have been adjusted accordingly.

Turnover
The decline in turnover is partly attributable to the change of a number of houses from management to tenancy.

of a number of houses from management to tenency.

Trade and Profits

The disappointing result for the half-year reflects the continuing low level of sales volume. Pub alterations and refurbishments completed towards the end of March and those currently in progress are expected to increase sales in the second half of the year, while the transfer of more managed houses to tenancy and changes in our price structure should also improve profitability.

Agreements have been reached in staffing levels and changes in working methods which should produce substantial savings. Redundancy costs charged in this half-year amount to \$35,000: further redundancy and compensation payments are to be made in the six months to September.

Current position

Current position Profits for the first four weeks of the current half-year were in line with the comparable period last year. 23rd May, 1985 Gerald L. Coriett, Chairman DETAILS OF ACCOUNTING POLICY CHANGES

(1) It has been decided to revert to an historic cost basis of valuation for all plant and machinery and to provide for depreciation on tiese essets accordingly. Property valuation and property depreciation provisions remain on a market value or written-down replacement value basis.

(2) Fixtures, fittings, and equipment purchased for our retail outlets will in future be capitalised and depreciated on a straight line basis over a period of ten years. Proviously, only those items included when an outlet was first provided were capitalised.



# Investment

| Year to<br>31st March<br>1977 | Total<br>Assets<br>£000's<br>118,353 | Total<br>Revenue<br>£000's<br>5,325 | Eamings<br>p.<br>4.36 | Dividend<br>p.<br>4.30 | N.A.V.<br>p.<br>175 |
|-------------------------------|--------------------------------------|-------------------------------------|-----------------------|------------------------|---------------------|
| 1978                          | 126,015                              | 5,603                               | 4.80                  | 4.85                   | 188                 |
| 1979                          | 139,461                              | 6,158                               | 6.11                  | 5.70                   | 211                 |
| 1980                          | 122,829                              | 8,315                               | 8.18                  | 7.85                   | 184                 |
| 1981                          | 157,010                              | 9,719                               | 9.48                  | 8.85                   | 241                 |
| 1982                          | 162,214                              | 9,578                               | 9.33                  | 9.20                   | 249                 |
| 1983                          | 216,630                              | 11,204                              | 11.03                 | 10.60                  | 336                 |
| 1984                          | 258,889                              | 12,092                              | 11.72                 | 11.70                  | 407                 |
|                               |                                      |                                     |                       |                        |                     |

**NET ASSET VALUE-UP 13.8%** Rising equity markets and the benefit of currency movements produced further increase in the net asset value this year. The largest gain was in the US, which now accounts for 36% of the total portfolio. The proportion of assets held in Japan rose volatility was taken to sell some dollars towards the end of the year.

up by over 10%. **PROSPECTS** The outlook for the UK equity market is likely to produce a relatively unexciting performance, although it is hoped that the long end of the gilts market will recover, in view of the likely downtrend of UK interest rates. The outlook for Wall Street for the year is favourable, with some prospect of lower interest rates and the benefit to corporate

Copies of the Annual Report and Accounts may be obtained from the Secretary.

The British Investment Trust PLC, 46 Castle Street, Edinburgh, EH2 3BR. Telephone 031-225 2348.



Highlights from Annual Report & Accounts for year to 31 st March 1985.

|                               |                                      |                                     | <u>.</u>               |                        |                     |
|-------------------------------|--------------------------------------|-------------------------------------|------------------------|------------------------|---------------------|
| Year to<br>31st March<br>1977 | Total<br>Assets<br>£000's<br>118,353 | Total<br>Revenue<br>£000's<br>5,325 | Earnings<br>p.<br>4.36 | Dividend<br>p.<br>4.30 | N.A.V.<br>p.<br>175 |
| 1978                          | 126,015                              | 5,603                               | 4.80                   | 4.85                   | 188                 |
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| 1982                          | 162,214                              | 9,578<br>11,204                     | 9.33<br>11.03          | 9.20<br>10.60          | 249<br>336          |
| 1983<br>1984                  | 216,630<br>258,889                   | 12,092                              | 11.72                  | 11.70                  | 407                 |
| 190-                          | 200,000                              | 14 405                              | 44.57                  | 11.70                  | 400                 |

DIVIDEND-UP 21.4% The dividend of 14.20p per share compares with 11.70p last year. Over the past eight years the dividend has grown by over 16% per annum compound, which is more than half as fast again as the rate of inflation.

again this year to 17%. The portfolio was not hedged, but advantage of currency EARNINGS—UP 24.3%
During the year substantial exchange benefits were enjoyed from income from both USA and Japan. Despite the movement of funds from the UK the franked revenue was

profits of the fall in the dollar. In the Japanese market performance is expected from both an undervalued Yen and the underlying portfolio.

#### **UK COMPANY NEWS**

## Norcros improves to £34m and UBM benefits to come

DESPITE sharp falls by both its construction and engineering operations. Noveres returned higher profits for the sixth successive year in 1984-85. On the back of a £26m rise in turnover to £375m profits at the pre-tax level pushed ahead by £1.27m to a record £34.32m to match the directors' forecast made last March at the time of the group's proposed offer for UBM. At the top end City analysis were looking for figures as high as £36m, although the average expectation was for £33.5m.

Mr Ken Roberts, the chair-

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man, says the outstanding feature of the year to March 31 was a 39 per cent surge in export business to £57.69m. Sales per employee rose from £25.681 to £29,076 — the group's other interests are in ceramics and perhaging interests are in ceramics and print and packaging.

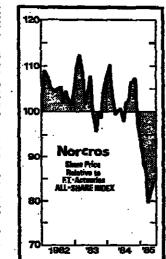
With earnings 20.21p (19.64p) the final dividend is being lifted from 5.2p to the promised 6p for a total 14.7 per cent higher at 8.6p ner per 25p share:

Afr Roberts tells shareholders that the results were achieved through "excellent" performances by most subsidiaries and the structure and management changes at Criticall Tectonic and the heavy engineering companies which "substantially" reduced their losses reported at the midway stage.

operations, compared with £3m last tme. For the year as a whole both are expected to be whole both are expected to be pate that the new and enlarged USM. And in any case, although close to a break-even postion.

The group also forecast that "progressively greater than the simple addition of those for the moves, which resulted in a near 1984-85, would result in annual past year fell from \$34.17m to halted yet.

at the beginning of the period had an adverse effect. "Product development costs were unusually heavy in pre-paration for the market changes



savings of between £1.5m and £2m. No further extraordinary for a total 14.7 per cent-higher at 8.6p net per 25p share.

Mr Roberts tells shareholders that the results were achieved through "excellent" performances by most subsidiaries and the structure and management changes at Cristall Tectonic and the heavy engineering companies which "substantially" reduced their losses reported at the midway stage.

Nource said the problem heavy engineering and construction companies were still losing money, but at a much-reduced many "exciting opportunities for initiatives, expansion and improved earnings per share."

Shareholders were told that this year would see the amaignation of the two groups into an efficient integrated unit. On achievement, the directors anticipate that the new and enlarged provides that the directors were still losing an achievement, the directors anticipate that the pew and enlarged part that the new and enlarged for the current half-year into the confident that the acquisition would accelerate the improvement of overall performance and provide many "exciting opportunities for initiatives, expansion and improved earnings per share."

Ophthalmic growth lifts UKO

The pre-tax result was after taking in a share of profits of the associates amounting to \$3.95m (£1.98m) and adding in investment income of £3.17m (£1.98m). Interest charges accounted for £6.29m (£5.09m).

Tax took £13.72m (£12.97m)

Comment

With a fairly accurate estimate of last year's profit issued on the way to buying UBM there could be little in yesterday's figures to suprise the market. Yet the Norcros management was able to put across a picture of its plans for UBM they the City found Norcros management was able to put across a picture of its plans for UBM that the City found tolerably convincing, and that was what really mattered. Although there are plenty of old UBM watchers who wonder whether it really is so easy to make dramatic advances in UBM—particularly given the departure of almost all the UBM board—the Norcros change of accent and its intention to put more cash into UBM's merchanting appeared to do the trick; the shares put on 13p to 178p. If Norcros, with 11 months of UBM, can make around £48m in the current year (not the most demanding estimate in circulation) then it ought to make good its promise to escape without dilution of earnings; they should advance from 20 to about 22p per share, which still leaves the combined group at a discount to the market of a third or so. Whether this is a harsh enough valuation to warrant a quick rerating is another question; Norcros might well have provided faster earnings growth this year without UBM. And in any case, although annual losses of over £5m in engineering and the Critall "tectonic" business should be

**Bio-Isolates calls** for cash via rights

BY LUCY KELLAWAY

Bio-Isolates, the Welsh biotechnology company, is raising a in Ireland and in the U.S. are
minimum of £540,000 via an
unusual rights issue of one-forthree ordinary shares priced at
35p, a 6p premium to the share
price immediately prior to the
announcement.
The issue has been fully under.

Comment

announcement.

The issue has been fully underwritten by Le Sueur Cheese Company, Bio-Isolates partner in the U.S. joint venture, and its associated company St Peter Creamery. Bio-Isolates, three largest institutional absorbables. largest institutional shraeholders are underwriting the remainder

of the issue.

Under the terms of the deal, Le

comment

From a placing price of 33p four years ago, the market has chased Bio-Isolate's shares to above 400p and back down to Monday's low of 27p. With this invitation to investors to try again at the original price, Bio-Isolates seems to be starting all over again. This time, however, the company is not only wiser, it is also much of the issue.

Under the terms of the deal, Le
Sueur and St Peter Creamery
have agreed to invest £500,000 in
the company by buying 1.5 im of
the new shares even if the issue
is fully taken up by existing
shareholders.

In that event, the total amount
of money raised by the company
would be a maximum of £1.34m,
giving the new investors 13.4 per
cent of the enlarged share capital,
Bio-Isolates came to the USM
as a start-up venture in 1982 with
a patented method of extracting
protein from whey. It has yet
to start making profits, and losses
for the 15 months ended to
December 1984 were £355,000.

The company has experienced
a series of costly delays in its
major Michelstown plant in Eire
which was a year late in starting
production and is currently
running at only 60 per cent
capacity. The group says that as
a result of these delays its
financial position has
deteriorated to the point where
new capital is required to ensure
the company's future.

The injection of the winney
will be used to fund the com-This time, however, the company is not only wiser, it is also much better capitalised. Having presumably learnt from its mistakes at Mitchelstown, which should be operating at full capacity by the end of the year, production at the U.S. plant should begin on schedule this summer. There is every reason to believe that there is a large market for the protein, Bipro, both in the UK and the U.S., so if the company can produce it, selling it should be easy. The market, which had been getting increasingly apprehensive at the silence on how Bio-Isolates was going to solve the problem of its shortage of funds, now seems relieved. The willingness of the institutions and of Le Sueur to the company's future.

The injection of new money will be used to fund the company's working capital deficiency,

#### Blue Circle recovers as cement deliveries pick up

RECORD sales in both its occasioned by the termination of £847,000 to £3.6m. With tax at ophthalmic and catering equiport of the general provision of £880,000, against the previous spectacles under the health year's £447,000, and no extraordinary items (£200,000 debit), alternational service."

In the catering division, where the chairman Says the improvement is the cent, the chairman says that considerable effort is being result of both increased turnover considerable effort is being result of both increased turnover result of both increased t Earnings per share, after extraordinary items, were 20.8p, compared to 15p for 1983-84. developed.

In the year to March 29 1985, turnover for the group rose by almost 9 per cent from £58.51m to £63.78m, with the catering equipment division seeing a proportionately bigger improvement, 17 per cent against almost 7 per cent.

Pre-tax profits improved by Compared to 199 for 193.84.

A final dividend of 3.5p is proposed making a total for the year of 5p. The previous year, a final of 3p was the only payment, when UKO returned to the lists after passing in the previous two years.

The annual meeting will be held on Thursday, July 25.

rom the kilns at Dunbar an Caudon but most advantage will come through in 1985.

The said cement deliveries at the end of February were 20 per cent below the same point last the end of February were 20 per cent below the same point last the effects of inflation. He added that some ill effects of the miners' strike were still being experienced.

The coverage of the miners' strike were still being experienced.

The coverage of the miners' strike were still being experienced.

The coverage of the miners' strike were still being experienced.

The coverage of the miners' strike were still being experienced.

The coverage of the miners' strike were still being experienced.

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The said business should be helped by the 4.5 per cent increase in cement prices from the effects of inflation. He added that some ill effects of the miners' strike were still being experienced.

The said business should be helped by the 4.5 per cent increase in cement prices from increase in cement prices

encouraging start, particularly in construction industry holds up.

Australia New Zealand and A new plant in North Carolina Mexico. The overall result for is on schedule to start production the year was difficult to forecast in three months' time. The due to the volatility of exchange Armitage Shanks U.S. business is

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The Sturge Group is one of the largest independent groups of underwriting agencies at Lloyd's. It acts as members' agent for 1,551 members of Lloyd's and manages sixteen syndicates in the marine, non-marine, aviation and motor markets with a combined premium income capacity for 1985 of £470 million, involving over 6,800 members.

> Introduction to The Stock Exchange arranged by

Kleinwort, Benson Limited

SHARE CAPITAL

Authorised £7,051,643 in Ordinary Shares of 20p each £ 198,357 in Deferred Shares of 1p each £7,250,000

£5.316.802 £ 198,357 £5,515,159

Application has been made to the Council of The Stock Exchange for the whole of the issued ordinary share capital of the Company to be admitted to the Official List.

Listing particulars relating to the Company are available in the Extel Statistical Services and copies may be obtained during normal business hours up to and including 7th June from the Company Announcements Office of The Stock Exchange and, up to and including, 19th June, 1985, from:

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Sth.June. 1985

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> The Council of The Stock Exchange has admitted to the Official List the above-mentioned Convertible Preference Shares

Particulars of the Convertible Preference Shares are available in the Statistical Services of Extel Statistical Services Limited. Copies of the Circular to Shareholders dated 10th May, 1985 may be obtained from the Company Announcements Office, The Stock Exchange, Throgmorton Street, London EC2P 2BT, for 2 days from the date of this notice and, during normal business hours on any weekday (Saturdays excepted), 14 days from the date of this

**Capel-Cure Myers** Bath House Holborn Viaduct

Affebone & Sons P.L.C. Oaklev Road Rushden Northamptonshire NN10 9XU White Rose Registrars Limited Churchili House 2 Broadway Northamptonshire NN15 6DD

result of both increased inprover considerable enort is being and better operating efficiency. made to improve exports and He adds that there has been a that new products are being marked improvement in the profits of the ophthalmic division. In the year to March 29 1985, up by more than 35 per cent, and the manufacture of lenses is now profitable, although strike action to £63.78m, with the catering at the beginning of the period of considerable entires and the serior and the seri

# THE DE LA RUE CUMPANT

Sales up by 24% Trading Profit up by 39% Earnings attributable to shareholders up by 29%

Further progress confidently expected' Sir Arthur Norman, KBE DFC, Chairman

Profit for the financial year

Amount set aside to reserves

**Earnings per Ordinary share** 

(before extraordinary items)

Trading profit before interest as a percentage of turnover

Dividends

## Extracts from the Chairman's Statement

#### THOMAS DE LA RUE **CURRENCY DIVISION**

responded quickly and efficiently to abnormal and unpredictable demand and realised the benefits of working at full capacity.

#### **CROSFIELD ELECTRONICS DIVISION**

performed excellently, with some help from a buoyant US economy, and greatly increased its profits. The present technical superiority of Crosfield products engenders confidence in the future.

#### THOMAS DE LA RUE SECURITY SYSTEMS PRINT DIVISION

performed well and substantial new orders have been received as a result of quality improvement following the introduction of new equipment for cheque production.

#### **DE LA RUE** SYSTEMS DIVISION

showed a substantial improvement over the previous year without realising its full potential.

#### **OPERATIONS IN** COLOMBIA AND BRAZIL

achieved creditable results and made important contributions to Group success.

#### **OPERATIONS IN** THE UNITED STATES

produced mixed results but they all remain highly promising.

Exports from the UK at £178 million established a new record, as did also the levels of expenditure on capital account and on Research and Development.

#### Results for the year to 31 March 1985 1984 Turnover 0002 63,049 70,287 Export (including sales to overseas Group companies) Overseas (after adjusting for inter-company sales) 141,887 88,417 66,867 337,000 271,803 42,481 28,125 Trading profit before interest Net interest payable (4,012)(464)38,469 27,661 Trading profit 7,965 Share of profits of related companies 9,698 46,434 37,359 Profit on ordinary activities before taxation 12,141 Taxation 14,601 25,218 31,833 Profit on ordinary activities after taxation 1,945 Minority interests Profit before extraordinary items attributable to 30,046 23,273 The De La Rue Company p.l.c. Extraordinary loss (after taxation) (5,113)(5,351)

Proposed final dividend 21.75p net per share (1984 18.40p net) The figures for the year to 31 March 1985 are abridged from the Group's full accounts for that period, which have received an unqualified auditors' opinion and will be filed with the Registrar of Companies after the Annual General Meeting

24,933

11,433

78.9p

17,922

9,530

8,392

61.1p

10.3%

Copies of the Preliminary Report and Chairman's Statement are available from The Secretary: De La Rue House, Burlington Gardens, London W1A 1DL.

BRITISH company

selling a lifeboat that can handle the tricky job of rescuing divers from the

## Why Britain must spend more on research

BRITAIN is falling behind on spending on research and development, according to indecontract

They believe the level of spending is far too low to sustain the UK's technological base, with companies often spending only 1 or 2 per cent of turnover on research and substantial cutbacks by govern-

One answer, says the Associa-tion of Independent Contract Research Organisations, is for government and companies to make more use of their members, who can carry out research more cost-effectively.

Later this month the association is to meet industry ministers Mr John Butcher and Mr Geoffrey Pattie to press

a research team of 12 with administrative support. Even then, the next project may need a different team, or a special research facility bought for one president. The situation is made more serious, he says, by the lack of really leaves the says, by the lack of really leaves and research facility bought for one a project may become redundant project may be project may become redundant project may be project may be project may become redundant project may be more serious, he says, by the lack of really large British com-

It now requires a broad range of technologies to solve techni-

and government are finance R&D 9

cal problems or to produce a new product and taken individually the UK's small and medium sized companies do not

have an adequate across-the-board capability. "It is much more cost effective for a company to tap the resources of a contract research organisation when it has the need," says Dr Rudge.

To illustrate this he points to a metal working company which switched from making aluminium spinnings for milk churns to manufacturing microwave antennas for satellite and terrestrial communications.

Dr Rudge's company, ERA echnology designed the

Independent contract research companies believe they have the answer to boosting

R & D, reports Alistair Guild

achieved that transformation itself and no foreign company would have sold it the techno-logy to enable it to compete.

According to Dr Rudge, costs a company about £40,000 a year to employ a qualified research scientist whether it is using him effectively or not. It can cost as much as £500,000 for a research team of 12 with

activities such as approval test-ing of cellular radio equipment

This cost more than \$500,000 and is now available to industry as required.

At the meeting with ministers, unable or unwilling to on government the importance of contract research organisa-

"Collaborative, pre-competi-tive research can be very cost-effective but it takes a good deal of effort to set up and agree a programme of work with the companies involved. The sup-

The association is one of two trade groupings—the Commit-Associations is the other—which represent 45 research companies. Together they employ nearly 10,000 staff and have a combined turnover approaching £200m a year.

the development phase. For example, Cogent, backed by Legal and General is financing 12 R&D programmes placed with association members and has recently injected a further

The research organisation carries out the development work, a "host" company receives the product of that work and Cogent then gets its return on the investment either by taking an equity share in the host com-pany or by holding on to the

In the past five years the work of research companies has been steadily increasing, especiperhaps the largest research company, has about doubled its real turnover in that time.

Now they are seeking a bigger role in military R and D also. "There is justifiable concern that the spin-off from Ministry of Defence research spending has not been all it might be," says Dr Rudge.

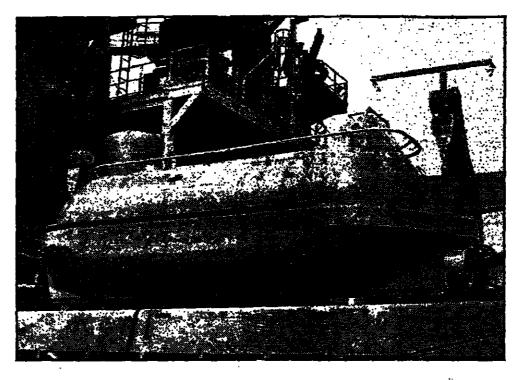
"It is noteworthy, however, that when one of our members does such work it tends to be same individuals who and electromagnetic inter-later carry out non-military ference and compatibility test-projects, thereby carrying for-

> 6 It is much more costeffective for a company to use a contract research organisation 9

ward much of what they have

Dr Rudge views with concern port of the Department or the present develop-industry is often critical in do more short-term develop-assisting a research company to ment work for industry. He organise a suitable programme believes that priorities are and to obtain the necessary becoming confused: "Industry becoming confused: "Industry looks to universities primarily amount of graduates and post-graduates, not for its development work.

"Universities are best suited for medium and longer term research which provides the necessary intellectual stimulation and keeps the standard of teaching high. The most effec-tive form of technology transfer Technology designed the f200m a year. tive form of technology transfer product and made the key components until the company is the increasing level of venture could reach the necessary capital attracted to projects, standard. It could not have even before they have reached try," he says.



## Small is beautiful in the offshore oil industry

the North Sea are small ones. Even so the lessons they provide others trying to enter a difficult market are significant Liebnitz Lann, a small Scottish electronics company based outside Nairn in the Highlands, demonstrates that small scale, adaptable operations often have a distinct advantage when com peting against big corporations.

The Scottish company produces text overlay equipment for underwater video signals, communications for underwater television cameras, diver communications and high specification scientific computers.

It has succeeded where it now counts: in high technology areas of offshore development suited the advanced techniques being applied to marginal and deep water oilfields. Exploration in very deep

water for example will require greater use of underwater remote operated vehicles using television cameras to carry out seabed surveys or to spot prob-

This type of technology is also vital to the future of Britain's industry because these products can be exported to new fields when Britain's offshore reserves run down. Liebnitz Lann already exports around 20 per cent of

The businessman hoping to

get a slice of the £30bn invested pany which has had consider to date offshore in the UK has able success selling underwater faced some fundamental problems. He has had to get a hearing from big and usually con-

lems. He has had to get a hearing from big and usually conservative offshore operators reluctant to try out contractors they don't know; he has had to convince the operators to be ready to take technological Ray Lann worked with Racal Deca and several small companies in the offshore servicing market before teaming up with Leibnitz four years ago.

Their opening gambit allowed them to develop a range of pro-

Mark Meredith explains how tiny specialised high tech companies can force the pace in the North Sea coaxial cable instead of four. Future developments with fibre

gambles with new machinery; and he has had to be able to deliver reliable back up service once he is accepted.

Bill Liebnitz and Ray Lann had experience in offshore elec-This helped them overcome the initial credibility problems with oil companies and their sub-contractors.

"You have to grind away at these things but we had some acceptance from the start because people knew us from our previous work," said Mr Liebnitz, who was formerly with Hewlett Packard in Scotland, and then with Osprey Electronics, another small com- brought in the money to run

their company and invest in "We then used these design contracts to develop products we could sell," said Bill Lieb-nitz; "It was a good way to

They found, like others in the field of offshore electronics, that opportunities arise for small companies because big electronics concerns are unwil-

ling to adapt to the market. Individual offshore orders for electronic equipment, even for ducts. First they offered their services in contract offshore electronic design work. This decompression chambers of a ship that is in difficulties. The Phoenix lifeboat (pic-

tured left) which with ancillary equipment costs £500,000, would swing into action if a group of divers had to leave their decompression chambers on board a diving ship in an

emergency.

They would move into similar chambers in the life-boat, which is sold by Offshore Marine Engineering of Walsali, near Birmingham. Field trials in the North

Sea have shown that a team of 12 divers could be accommodated inside the Phoenix, which can be launched from a support ship and propelled 100 metres away within five

The lifeboat has its own life-support hardware that can keep the divers alive under pressure for up to five days. It will operate in clouds of gas or in a fire and rights itself if flooded.

an offshore oil project, are often too small and offer no volume potential to large companies. Liebnitz Lann's video text overlaying system had competition mostly from a Japanese company whose equipment was company whose equipment was meant for large production studios. This gave the Scottish company a chance to adapt the machinery to the cramped, functional offshore conditions and get a small hold in a corner of the market.

Other adaptations followed: A multiplexing system to allow optics are designed to give re-mote operated vehicles used for underwater inspection yet more scope and flexibility.

The sales of the company which employs 17 — are about £280,000 a year. The most en-couraging sign is the work underway for a larger factory next door to allow for expan-

Operating from the Highlands nevertheless has its prob-lems. Although within a two hour drive of Aberdeen, com-panies like Liebnitz Lann have greater problems recruiting electronics engineers than com-panies based in central Scot-land where most big elec-tronics companies are based. Tel: Lichfield 05432 58751/8

#### Electronic aid for GM vehicle line

Warking.

head of

950 13.4

STOR MARCH!

EVERY BUICK motor vehicle from General Motors will shortly travel through its assembly stages bearing its own electronic "identity," a memory mounted on the car body which stays with the product during the entire pro-

The system is made by Philips Elektronikindustrier of Sweden, a member of the Philips group.

Called Premid, the memory can be programmed with product specification for exduct specification—for example, engine type, gear box, body type, colour and so en.
At various stations along the production line microwave devices interrogate the memory devices, check that the contents are accurate, and, if necessary, modify the data contained within.

GM, which manufactures 1,300 vehicles a day, claims that every minute of stoppage represents a less of more than \$10,000. The Premid system is designed to give the manufacturer more reliable menitor-ing and control of the pro-duction chain and so minimise

#### Video advice for drivers

UNIPART, the car parts company owned by BL, has produced a set of computer-linked video discs to tell motorists how to prepare their The discs are controlled by

a simple keyboard so that a person can obtain pictures and sound from a variety of places on the devices. Different programs can be loaded into the computer so that the dises can be used for a variety of purposes. Software for controlling the

disc was written by Abbey Information System Leatherhead Surrey.

# FOUR REASONS WHY SORD IS THE FASTEST GROWING COMPUTER COMPANY IN JAPAN.

M68. 8-bit/16-bit desktop system.

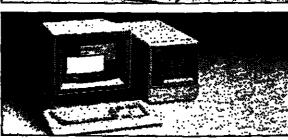
Otters multiple operating systems and a CPU design which enables it to run both 16-bit and 8-bit software, including RM COBOL, BASIC, and all CP/M-based programs. Also supports Word Processor II and PIPS, SORD's unique Pan Information Processing System, which integrates spread-sheet, data base, graphics, text processing and programming functions into one system,

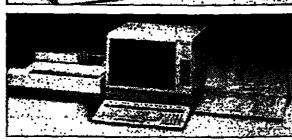
M343SX. 16-bit multi-user system. Features multiple operating systems (including multi-user Concurrent DOS 3.1 and MS-DOS™ version 2.0). IBM terminal emulation and full language support (FORTRAN, LEVEL-II COBOL™, MBASIC, PASCAL, C. and Assembler). Also leatures PIPS.

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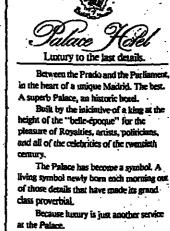
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Henry Ansbacher 121%
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Bank Hapoalim 121%
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**NEW YORK STOCK EXCHANGE 30-31** AMERICAN STOCK EXCHANGE 32 U.S OVER-THE-COUNTER 32, 36 **WORLD STOCK MARKETS 32** LONDON STOCK EXCHANGE 33-35 UNIT TRUSTS 37-39 COMMODITIES 42 CURRENCIES 40-41

#### SECTION III - INTERNATIONAL MARKETS

# **FINANCIAL TIMES**

Wednesday June 5 1985

International oil prices continue to lose ground, Page 42

## nid for 6 Marking time ahead of further data

HEAVY trading continued on Wall Age of the party o Street yesterday as equities again churned around their recent price levels. writes Terry Byland in New York. At 3pm, the Dow Jones industrial av-

erage was 2.24 higher at 1,313.17.

The bond market was busy absorbing its gains of the previous day, and prices began to turn lower after an initial at-tempt to move forward again.

Production the man The balance of market opinion continued to predict an easing in Federal Reserve policy in the near future. A cut in the Fed's discount rate to 7 per cent, cou-pled with reductions in bank prime rates to 9% per cent, has been widely forecast by some analyts, although others believe that the Fed may have already eased policy enough to re-stimulate the economy. Further significant evidence on the economic pace is due on Friday when the latest unemployment statistics are

> The bond trading houses, which were caught in a bear squeeze on Monday, relaxed buying pressures yesterday as soon as prices started to rise. The Feder-al Reserve helped liquidity with two-day system repurchases, when federal funds

stood at 71% per cent. At mid-session, bond prices slipped below overnight quo-

Firmness in computer and auto stocks helped the Dow average, but across the broader range of the stock market, prices were mixed.

Oil stocks remained weak, as investors awaited a move in British North Sea oil prices. Exxon, at \$52% shed \$% and Atlantic Richfield lost \$\% to \$60.

Bank stocks, still benefiting from the postponement of cuts in prime rates, featured gains of \$1 to \$71% in Bankers Trust, and \$% to \$51% in J. P. Morgan. The weak spot was BankAmerica, down \$1% at \$20 in very heavy turnover after Mr Sam Armacost, group president, warned that higher loan losses would leave second-quarter results at around break-even levels. Security Pacific, fel-

low Californian bank, added \$1 to \$30%.
With the latest industry sales reports now reaching Wall Street, the Detroit motor stocks found support. At \$43%, Ford added \$1/2 in brisk trading. General Motors was \$% higher at \$71% and Chrysler \$% up at \$36. Only American Motors, facing plummetting sales and labour problems at the Kenosha plant, remained unchanged at \$3.

Airline stocks again responded to the expectation of lower fuel prices - a major cost factor. Pan American added \$\% to \$6%, almost a new peak. American Airlines was \$% up at \$46%. Reports that United has ample cash in its coffers to face a prolonged strike by the pilots left the stock \$1% higher at \$57.

As R. J. Reynolds commenced its tender offer of \$85 each for up to 29m shares, Nabisco Brands stock traded unchanged at \$81%. Reynolds itself jumped

78-17 78-30 78-09 78-21

106-30 107-11 106-23 106-30

474.60p

£1,128.00 £1,128.00 £2,036.00 £2,020.00

\$26.65 \$26.735

92.65 92.71

92.34 92.39

Prev ' 478.90p

(الأكرز) وزازي درسه

92.97

COMMODITIES

\$1% to \$78%, again reflecting satisfaction with the price bid for Nabisco, which was below expectations. Phillip Morris. no longer likely to be drawn into the

fray, edged up by \$% to \$87%.
The bid excitement continued to overflow into other food and retail stocks. Hershey, the chocolate manufacturer, bounded by \$2% to \$48% although turnover was thin. General Foods, also regarded as a possible bid target, put on \$1

Coca-Cola jumped \$1% to \$70% after announcing plans to raise \$750m by selling off receivables. Other consumer groups in the market's eye included Gillette, \$% higher at \$59% after announcing introduction of a new disposable razor, and Polaroid \$1% up at \$31% after a favourable review in the investment press for the new camera line.

In the credit markets, short-term rates edged higher despite the Fed's action to help liquidity. Federal funds re-mained close to the 8 per cent levels.

Bonds had a quieter session but began to slip lower as buying support proved to be lacking. Retail investors remained out of the market, and the trading houses were trimming portfolios in the wake of Monday's sharp gains in prices.

TOKYO

## Rally despite broad hesitancy

A STRONG rally developed in Tokyo yesterday after Monday's nosedive, but it did not lift the mood of overriding caution, writes Shigeo Nishiwaki of Jifi

Main buying targets were non-life in-surances, trust banks, leading constructions and blue chips.

The Nikkei-Dow average of 225 select issues recouped half of Monday's loss, finishing 109.90 higher at 12,583.31. Trading dipped to 458m shares from 518.92m on Monday. Advances outpaced losses 487 to 326, with 128 issues unchanged.

Despite fears it might slip below Y1,000, Asahi Chemical recovered due partly to heavy buying by dealers. It fell to Y999 but closed Y70 up at Y1.080 on the day's second heaviest trading of 12.4m shares. Hitachi, which also came' under selling pressure on Monday to trigger widespread losses among blue chips, gained Y9 to Y718. Hitachi's performance apparently allayed investor look, analysts said.

Sumitomo Light Metal Industries topped the list of 10 active stocks with 13.92m shares changing hands. It jumped Y18 to Y375, reflecting rapid expansion of its magnetic disk materials

Among non-life insurances, Yasuda Fire and Marine and Sumitomo Marine and Fire were placed fourth and fifth respectively, on the turnover list. Yasuda advanced Y16 to Y550 and Sumitomo soared Y33 to Y709. Tokio Marine and Fire was the 10th busiest, adding Y12 to

Osaka Cement closed Y20 up at Y320 on the sixth heaviest trading, while Oh-bayashi and Tobishima rose Y15 each to Y287 and Y299.

The yen's advance against the U.S. dollar prompted investors to buy utilities, with Tokyo Electric Power adding Y20 to Y2,090 and Kansai Electric Power Y30 to Y1,840. Tokyo Gas rose Y5 to

Mitsubishi Heavy Industries, which together with power issues had been leading large-capital stocks forward, was traded heavily with 10.91m shares changing hands, but rose only Y1 to Y290.

Hitachi's rise helped push up other blue chips. Sony gained Y60 to Y4,000 and Pioneer Y90 to Y1,790, while NEC moved back up to the Y1,000 mark, advancing Y31 to Y1,030. Fuji Photo Film closed at Y1,730, up Y40. But trading volumes were still quite low.

Bond prices rose sharply on brisk trading. Institutional investors were encouraged by the bond price upsurge in the U.S. on Monday and the yen's rise. City banks participated actively in the market after their dealing in outstanding public bonds was deregulated on Saturday. The yield on the 7.3 per cent government bonds due in December 1993 dropped to a record low of 6.460 per cent from 6.530 per cent.

#### LONDON

EARLY WEAKNESS in London gave way to brighter conditions which boosted the FT Ordinary share index to within 4.3 of its record.

By the close of business the index closed 9.5 higher at 1,020.2 – its high for the day. Hopes of a cut in bank base rates and

satisfaction with Government money supply figures boosted market sentiment Life insurance companies were again

well supported with Legal and General firming 22p to 725p. Oil stocks were subdued by concern about crude prices and takeover specula-

sions. Chief price changes, Page 32; Details, Page 33; Share information service, Pages 34-35

tion was less evident than in recent ses-

**EUROPE** 

## Record run halted by profit-taking

INVESTORS in Frankfurt paused to catch their breath after 11 consecutive days of hectic trading which left indices at record highs.

Profit-taking put a halt to the pow-erful rally and pulled blue chips down from near record levels. The Commerz-bank index ended 10.8 lower at 1,344.2.

Banks, which gained strongly in the previous session on lower U.S. interest rate hopes, ended lower. Deutsche Bank shed DM 10 to DM 538 ex-dividend, Commerzbank dropped DM 1.50 to DM 209 and Dresdner was DM 2.50 lower at DM 233.50 ex-dividend.

Market rumours that Kuwait had purchased stakes in both Dresdner and Commerzbank were later denied by officials from both banks.

Chemicals group Hoechst dipped DM 2.20 to DM 237.50 ahead of strong firstquarter results, and other chemical, electrical and automotive issues suffered the sharpest setbacks.

In cars, Daimler-Benz saw one of the largest drops of the day, losing DM 19, twice its gain on Monday, to DM 813. Tyre-maker Conti-Gummi, which recently took a majority controlling stake in Semperit of Austria, was DM 1 lower at

Only limited changes were seen in Amsterdam. As the U.S. dollar improved, market sentiment improved.

Insurers and industrials were broadly higher, taking the market indices to yet a new 1985 record. However, Aegon moved against the trend, easing 60 cents to Fl 193.90, and Amev lost 80 cents to Fl

In blue chips Royal Dutch picked up the previous day's losses to end F1 3.60 higher at F1 202, while KLM dipped 70 cents to Fl. 81.70.

Bonds were unchanged to lower The food sector performed best in a mixed Paris. BSN Gervais jumped FFr 55 to FFr 2,595, continuing Monday's

gains, and Moët Hennessy added FFr 19 Peugeot which halved its losses for

With over 80

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years experience as

the key bank to

Japan's major in-

dustries, IBJ comes

1984, continued lower, ending FFr 1 off at FFr 364. Michelin, the tyre-maker, was FFr 20 lower at FFr 1,050.

Banks, portfolios and construction issues were mixed, while stores moved narrowly lower.

Zurich experienced selective buying to move firmer, but some investors determined to take profits from banks and insurances which had previously been strongly sought.

Swiss bonds ended steady. Brussels ended unchanged to higher with utilities, industrials and chemicals contributing to the market's firmness.

In chemicals, Solvay added BFr 70 to BFr 4,500 on expectations that this year's earnings will match those of 1984. Worries about world oil prices hit Petrofina, however, which dropped

BFr 150 to BFr 5,990. High-yielding government bonds drew money away from the Stockholm bourse, which ended lower on relatively

active trading.
In engineering, Asea rose SKr 4 to SKr 337, while SKF was SKr 3 off at SKr 203. Car maker Volvo shed SKr 4

and Pharmacia continued lower at SKr 186, down SKr 2. Milan ended easier, still plagued by

worries over Sunday's wage referen-dum. A number of industrials and insurance stocks moved against the trend, however, with Montedison L16 higher at L1,680 and Fiat L18 up at L3,145. Madrid continued higher.

#### SOUTH AFRICA

GOLD and other mining stocks retreated on a broad front in Johannesburg as the international bullion price failed to provide a positive lead.

Among leading stocks, Randfontein dropped R4 to R198 while Buffels slipped R2.50 to R28.50 and President Steyn eased R1 to R54.

Diamond producer De Beers fell 7 cents to R10.67, while Impala closed 60 cents lower at R20.25. Industrial stocks closed steady after

dull trading.

#### CANADA

TURNOVER remained relatively high in Toronto, although price movements were held between narrow boundaries. International Thomson was the most active stock, trading CS% higher at CS8%, followed by CAE Industries,

which firmed C\$\% up at C\$18\%. Montreal was generally firmer on increased turnover.

#### **AUSTRALIA**

A FEDERAL Government proposai to tax gold mining companies inspired a hectic round of selling in Sydney, with mining and resource stocks under most pressure.

After a steady march forward during the past two months gold stocks were hit heavily by the Government announcement, leaving the gold index 52.7 lower at 848.1.

The metals and minerals index slumped 16.5 to 518 ), reflecting broader selling among heavyweight issues.

The main casualties among gold stocks were Central Norseman down 50 cents to A\$7.90, Emperor 15 cents off at A\$3.60, Renison 30 cents lower at A\$4.95 and Whim Creek which closed 25 cents lower at AS2.75.

Other leaders which fell through their exposure to gold mining included CRA down 16 cents to A\$6.04, Western Mining 18 cents to A\$3.80 and BHP 12 cents to

A\$6.16 on heavy turnover.

Industrial stocks were sheltered but closed generally easier. National Australia Bank which topped the turnover list with more than 2.7m shares chang-

ing hands, rose 2 cents to A\$4.38.

#### **HONG KONG**

LATE profit-taking failed to totally erase earlier gains in Hong Kong, leaving a broad range of stocks marginally

ahead. Small investors were responsible for most of the selling during the afternoon, which came in response to the previous

day's strong advance. Speculative buying backed a further 20 cent rise by Jardine Matheson which closed at HK\$11.70 while Swire Pacific

firmed 10 cents to HK\$23.50. The Hang Seng index finished 2.1 higher at 1,643.35 after being 6.5 higher

during the morning session. Property issues were generally lower. Hongkong Land eased 5 cents to HK\$5.95, Sung Hung Kai 10 cents to HK\$12.50 and Cheung Kong was unchanged at HK\$17.10.

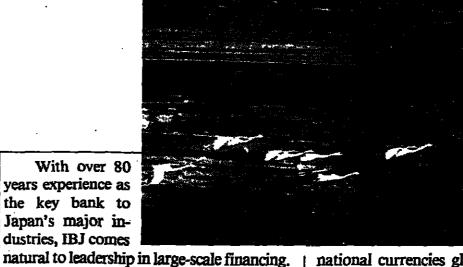
#### SINGAPORE

SELLERS held the upper hand during trading in Singapore, although turnover remained thin.

Falls held a five-to-one advantage over rises as the Straits Times industrial index lost 3.28 to 809.13. Price movements were generally marginal.

Sime Darby closed 3 cents lower at S\$2.03 on a turnover of 535,000 shares

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INDUSTRIAL BANK OF JAPAN

YOUR RESOURCEFUL BANK

**KEY MARKET MONITORS** से स ा लेखा भी प्राचीत केला End Month Figures 1350 FT-Actuaries Ali-Share Index 600 1300 500h 400 1050 1000 300 935 May 1985 1983 1984 1985 CURRENCIES STOCK MARKET INDICES U.S. DOLLAR STERLING June 4 Previous Year ago MEW YORK 1.2945

| DJ Industrials     | 1,313.17* | 1,310.93          | 1,131.57       | (Londo        | m) Jane               | 4 Prev  | fous . | June 4      | Previous                 |
|--------------------|-----------|-------------------|----------------|---------------|-----------------------|---------|--------|-------------|--------------------------|
| DJ Transport       | 649.98    | 647.85            |                | . <b>s</b> .  |                       | _       | _      | 1.277       | 1.2945                   |
| DJ Utilities       | 163.57*   | 163.26            | 124.86         | DM            | 3.05                  | 4 3.0   | 565 3  | 8975        | 3.9475                   |
| S&P Composite      |           | 189.27            | 154.34         | Yes           | 249                   | .1 24   |        | 318.0       | 321.25                   |
|                    | 705.00    |                   |                | FFT           | 9.5                   |         |        | 1.885       | 12.015                   |
| LONDON             |           |                   | _              | SwFr          |                       |         | 562    | 3.28        | 3.315                    |
| FT Ord             | 1,020.2   | 1,010.7           | 840.1          | Guild         |                       | _       | 433    | n/a         | ••••                     |
| FT-SE 100          | 1,336.6   | 1,324.6           | 1,078.0        | Lira          | 1.946                 |         | 7.5    | n/a         |                          |
| FT-A All-share     | 643.8     | 638. <del>9</del> | 501.41         | 357           |                       |         | .35    | n/a         |                          |
| FT-A 500           | 707.39    | 701.5             | <i>5</i> 50.31 | cs            | 1.3                   | _       | 65B    | n/a         | 1.769                    |
| FT Gold mines      | 450.2     | 450 <i>.7</i>     | 698.5          | 1 ~~          |                       |         | ~~     | ,44         | 1.700                    |
| FT-A Long gift     | 10.58     | 10.6              | 10.59          | ۱ <del></del> |                       | -       | TRATE  |             |                          |
|                    |           |                   |                | l <u></u>     |                       |         |        | una 4       | Prev                     |
| TOKYO              | 40 000 04 | 12,473,41         | 10 191 7       |               | -currenci             |         | •      |             | PTEV                     |
| Nikkei-Dow         |           |                   |                | (3-170)       | nin onere:<br>E       | a rade) |        | 12%         | n/a                      |
| Tokyo SE           | 991.17    | 984.62            | 782.22         | i             | SwFr                  |         |        | 5%e         | n/a                      |
| AUSTRALIA          |           |                   |                | Į             | DM                    |         |        | 5%          | n/a                      |
| All Ord.           | 861.2     | 872.3             | 681.5          | l             | FFr                   |         |        | 10%         | n/a                      |
| Metals & Mins.     | 518.0     | 534.5             | 459.1          |               | ndon int              | erbensk | fixing |             | - •                      |
|                    |           |                   | 190.           |               | eci rate)             |         | _      |             | dance:                   |
| AUSTRIA            |           |                   |                | l             | 3-month               |         |        | 711/16      | 7፣ሃ <sub>ነ</sub> ፋ<br>7% |
| Credit Aktien      | .99.17    | 98.67             | 54.7           | l             | 6-monti               |         |        | ፖኤ<br>3*    | /%<br>8                  |
|                    |           |                   |                |               | Fed Fund<br>S-month ( |         |        | 5-<br>7.90° | 7.43                     |
| BELGKIM            |           |                   |                |               | -month 1              |         |        | 7.03*       | 7                        |
| Belgian SE         | 2,371.17  | 2,373.84          |                | 0.5.          |                       | 7=10    |        |             | •                        |
| CANADA             |           | -                 |                | \ <del></del> |                       | U.S B   | ONDS   | _           |                          |
| Toronto            |           |                   |                | }             |                       |         |        |             |                          |
| Metals & Minis     | 1.943.3   | 1,955.5*          | 2,025.0        | Trea          | MITY                  |         | ma 4°  |             | Prev                     |
| Composite          | 2,745,60* | 2,744.75          | 2,284.50       | l .           |                       | Price   | Yield  |             |                          |
| Montreel           |           |                   | •              | 9%            | 1987                  | 100%    |        | 10025       |                          |
| Portfolio          | 134,18*   | 134.19            | 111.57         | 11%           | 1992                  | 108*%   | 9,91   | 109         | 9.91                     |
|                    |           |                   |                | 11%           | 1995                  |         | 10.038 |             | £a 10.04                 |
| DENMARK            | _         |                   |                | 11%           | 2015                  | 1072%   | 10.392 | 10729       | 10.40                    |
| SE.                | 191.42    | 190.99            | 184.95         | Corp          | or <del>ato</del>     | Juni    | 4"     | Pi          | řeV                      |
| FRANCE             |           |                   |                | ATA           | T                     | Price   | Yleid  | Price       |                          |
| CAC Gen            | 232.0     | 232.5             | 1722           | 10%           | June 1990             | 101%    | 10,01  | 100%        | 10,30                    |
| Ind. Tendance      | 130.0     | 129.9             | 89.0           |               | July 1990             | 80%     | 8,65   | 79%         | 8.90                     |
| INC. TENCEUCE      | 130.0     |                   |                |               | May 2000              | 85%     | 10.75  | 824         | 11.15                    |
| WEST CERMAN        | 4         |                   |                | Xerox         |                       |         |        |             |                          |
| FAZ-Aktien         | 457.73    | 461.95            | 344.13         | 10%           | March 1990            | 100%    | .10.50 | 97%         | 10.95                    |
| Commerzbank        | 1,344.2   | 1,355.0           | 999.1          | Diam          | and Sharnir           | ock     |        |             |                          |
| Nava Maria         |           |                   |                |               | viav 1993             | 99%     | 10.65  | 97%         | 11.05                    |
| HONG KONG          |           | 1.641.25          | 917.5          |               |                       |         |        |             |                          |
| Hang Seng          | 1,643.35  | 1,041.20          | 2(12)          |               | ated Dept             | 95.495  | 11.15  | 92.31       | 11.51                    |
| TALY               |           |                   |                |               | day 2013              | 50.A30  | 17.13  | ا لمکی      | 11.91                    |
| Banca Comm.        | 302.77    | 303.22            | 206.36         | Abbot         |                       |         | 44.44  |             | 44                       |
|                    |           |                   |                |               | Feb 2013              | 105.061 | 11.20  | 102,959     | 11.50                    |
| <b>NETHERLANDS</b> |           | 910 4             | 156.9          | Alcos         |                       |         |        |             |                          |
| ANP-CBS Gen        | 212.5     | 212.1             | 125.9          | 12%           | Dec 2012              | 104.912 | 11.65  | 101,996     | 12.00                    |
| ANIP-CBS Ind       | 174,6     | 174.0             | 120.9          | ł .           |                       |         |        |             |                          |
| NORWAY             |           |                   |                | ۔<br>۔۔۔۔     |                       |         |        |             |                          |
| Oslo SE            |           |                   |                |               |                       |         |        |             |                          |
|                    | 343.87    | 345.97            | 270.10         | F             | FINA                  | NÇIAL   | . FUTU | RES         |                          |
|                    | 343.87    | 345.97            | 270.10         | ===           |                       |         |        |             | Prev                     |
| SINCAPORE          | 343.87    | 345.97<br>R12.41  | 270.10         | CHIC          |                       | Latest  | High   | RES<br>Low  | Prev                     |

\$317.25

\$318.25

\$319.10

Copper (cash)

Oil (spot Arabian light)

Coffee (July)

|                              |                   |                      |                  | DM                                 |
|------------------------------|-------------------|----------------------|------------------|------------------------------------|
| AUSTRALIA<br>All Ord.        | 861.2             | 872.3                | 681.5            | FFr                                |
| Metals & Mins.               | 518.0             | 534.5                | 459.1            | Fi London Interi<br>(offered rate) |
| AUSTRIA                      | -                 |                      |                  | 3-month U                          |
| Credit Aktien                | 99.17             | 98.67                | 54.7             | 6-month U                          |
| REI GRAM                     |                   |                      |                  | U.S. 3-month CD                    |
| Belgian SE                   | 2,371.17          | 2,373.84             | _                | U.S.3-month T-b                    |
| GANADA                       |                   |                      |                  | <del></del>                        |
| Toronto                      |                   |                      |                  | U                                  |
| Metals & Minis               | 1,943.3           | 1,955.5°             |                  | Treasury                           |
| Composite                    | 2,745,60*         | <b>2</b> ,744.75     | 2,284.50         | 9% 1987 1                          |
| <b>Montreal</b><br>Portfolio | 134,18*           | 134,19               | 111.57           | 9% 1987 1<br>11% 1992 1            |
| POLICIO                      | 107,10            |                      |                  | 111/4 1995 1                       |
| DENMARK                      | 484.48            | 190.99               | 184.95           | 11% 2015 1                         |
| SE                           | 191.42            | 190.99               | 104.50           | Corporate                          |
| FRANCE                       |                   |                      | . +70.0          | AT&T<br>10% June 1990              |
| CAC Gen                      | 232.0<br>130.0    | 232.5<br>129.9       | 172.2<br>89.0    | 3% July 1990                       |
| ind, Tendance                |                   | 143.7                |                  | 8% May 2000                        |
| WEST CERMANY                 |                   | 461.95               | 344.13           | Xerox                              |
| FAZ-Aktien<br>Commerzbank    | 457.73<br>1.344.2 | 401.95<br>1.355.0    | 999.1            | 10% March 1993                     |
|                              | 1,0-7             |                      |                  | Diamond Shamroot<br>10% May 1993   |
| HONG KONG                    | 1 642 25          | 1,641.25             | 917.5            | Federated Dept St                  |
| Hang Seng                    | 1,043.00          | .,04,20              |                  | 10% May 2013 9                     |
| TALY                         | - 000 77          | 303.22               | 208.36           | Abbot Lab                          |
| Banca Comm.                  | 302.77            |                      |                  | 11.80 Feb 2013 10                  |
| <b>HETHERLANDS</b>           |                   | 212.1                | 156.9            | Alcon                              |
| ANP-CBS Gen                  | 212.5<br>174.6    | 174.0                | 125.9            | 12¼ Dec 2012 10                    |
| ANP-CBS Ind                  | 174,0             |                      |                  | <b>.</b> .                         |
| NORWAY                       | 343,87            | 345.97               | 270.10           | FINAN                              |
| Oslo SE                      | 343.0/            |                      |                  | CHICAGO                            |
| SINGAPORE                    |                   | 812.41               | 939.39           | U.S. Treasury Bo                   |
| Straits Times                | 809.13            | D1241                | 337.03           | 8% 32nds of 100%                   |
| SOUTH AFRICA                 |                   |                      | 4                | June                               |
| JSE Golds                    | ·                 | 1,037.1<br>963.0     | 1,018.2<br>963.6 | U.S. Treesury 6                    |
| JSE Industrials              |                   |                      |                  | \$1m points of 100                 |
| SPAIN                        |                   |                      | ***              | June<br>Certificates of D          |
| Madrid SE                    | 110.69            | 110.25               | 84.43            | \$1m points of 100                 |
| SWEDEN                       |                   |                      |                  | June                               |
| 186                          | 1,347,00          | 1,360,83             | 1,456.24         | LONDON                             |
| SWITZERLAND                  | <del>.</del>      |                      |                  | Three-month Ev                     |
| Swiss Bank Ind               |                   | 433.5                | 361.5            | \$1m points of 100                 |
|                              |                   | Prev                 | Yearago          | June<br>20-year Notions            |
| WORLD                        | June 9<br>213,4   | 212.5                | 176.4            | 250,000 32nds of                   |
| Capital Int'i                |                   |                      |                  | June 1                             |
| COL                          | D (per o          | unce)                | ·                | l                                  |
|                              |                   | June 4               | Prev<br>\$316.00 | CO                                 |
| London<br>Zirich             |                   | \$315.75<br>\$316.25 | \$314.75         | (London)                           |
|                              |                   | \$316.59             | \$316.64         | Silver (spot fixing)               |
| Paris (fixing)               |                   | 93 10.36<br>9648 SE  | \$317.25         | Cannot (coop)                      |

New York (Aug)

## YORK STOCK EXCHANGE COMPOSITE PRICES

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#### WORLD STOCK MARKETS

OVER-THE-COUNTER Nasdaq national market, 2.30pm prices JAPAN (continued) AUSTRALIA (continued) NORWAY GERMANY Price Yen LONDON 290 358 828 608 815 293 1,240 1,030 Sales de de la company de la c 138.5 428 138.5 147 146 169.9 Chief price changes +0.5 -7 -0.8 -1.5 358 530 1,460 320 595 189 527 --0.97 --0.17 --0.98 +1 -2.5 -0.6 +8 +14 +14 +34 ASM TI
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Closing prices June 3

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**MARKET REPORT** 

# Money supply figures boost Gilt-edged and equities

30-share index nears all-time peak

clearing bank base rates con-tinued to sustain the market and the eagerly awaited announcement at 2.30 pm of the money supply figures, which proved to be in line with most market estimates, gave a further boost to sentiment.

The initial uncertainty reflected an overnight reaction in sterling following the decision by Opec to bring forward the meeting of the full council from July 22 to June 30.

July 22 to June 30.

Government stocks opened 1 to 1 lower after the previous day's sharp improvement which saw the sale of £600m worth of taplets in first time dealings. Quotations, however, soon reverted to previous closing levels and subsequently improved afresh. The amouncement at 3.30 pm of fresh Government funding by way of a new tap stock—£800m of Treasury 10 per cent 2004 in £30-paid form at tended to dampen enthu-siasm. Gains at the longer end of the market were reduced by t or so in the late dealings. Final quotations in this area showed rises of around t.

Apart from a minor setback at the opening, selected leading equities made steady progress. equities made steady progress. Demand, however, was again relatively light, but sufficient to leave the Financial Times Ordinary share index at the day's best with a rise of 9.5 at 1,020.2, only 4.3 off its all-time peak. The interim figures from index constituent Hanson Trust were in the middle of market estimates and failed to generate much and failed to generate much

interest. Life insurance shares con-tinued to make progress as investors assessed the Govern-ment's proposal to phase out the State earnings-related pension scheme. Olls, in contrast, remained subdued by continuing crude price worries. Takeover speculation was again evident, but not on the scale witnessed over recent weeks.

#### Insurances strong

Account Dealing Dates
Option

First Declara- Last Account
Dealings Declara- Last Account
Dealings tions Dealings Day
May 13 May 30 May 31 June 10
June 3 June 13 June 14 June 24
June 17 June 27 June 28 July 8

"Now-time" dealings may take
place from 9:30 am two business days
sariler.

Early caution in London financial markets soon gave way to
brighter conditions yesterday.
Hopes of an early reduction in
clearing bank base rates continued to sustain the market and
the eagerly awaited announce
The structure of the first property of the structure of the sustain the market and
the eagerly awaited announce-Heath, rallied 6 to 266p; Heath advanced 15 to 648p.

Once again, clearing banks contributed to the firm general trend. Lloyds rose 10 to 590p and Barclays gained S to 400p as did Midland to 365p.

Leading Breweries displayed modest gains across the board, although dealers were quick to dismiss the April beer production figures—5.6 per cent up on the same month in 1954—as a contributory factor. Whitbread A, 229p, and Bass, 573p, rose 5 apiece.

Leading Buildings continued to meet with selective demand. Blue Circle firmed 5 to 537p following the chairman's cautiously optimistic statement at the annual meeting. Secondary issues continued to festure issues continued to feature
French Kier, vp 9 more at 169p,
on speculation about a possible
bid from Trafalgar House which
recently acquired a 14.9 per cent stake in the company from AMEC. The last-named were a firm market at 268p, up 4. Fresh demand lifted Newarthill 20 to 690p in a restricted market. News of Kent Holdings' 140p per share tender offer to increase its stake to 29.9 per cent lifted Exeter Building 30 to 130p. Buying ahead of tomorow's half-timer left Nottingh

the good annual results and pro-posed one-for-two scrip issue before drifting off to close unchanged at 242p. Revived demand left British Tar Products 5 better at 115p. Amersham Inter-national continued to respond to a broker's circular with a fresh

Stores attracted buyers, although actual business fell well short of the levels transacted recently. Debenhams hardened 3 more to a new high of 400p, while hostile bidder Burton were Still reflecting hopes that the Government's decision to phase out the State earnings-related pension scheme will lead to an explosion of sales of personal portable pension business, Life instrances made-tracker impressive progress, "Although ribing levels were a shade below the best in places, gains-still ranged to 28 pm of the stilling of 465 pm of the street in places, gains-still ranged to 28 pm of the street in places, gains-still ranged to 380 pm of the street in places, gains-still ranged to 28 pm of the street in places, gains-still ranged to 28 pm of the street in places, gains-still ranged to 28 pm of the street in places, gains-still ranged to 28 pm of the street in places, gains-still ranged to 28 pm of the street in places, gains-still ranged to 28 pm of the street in places, gains-still ranged to 28 pm of the street of the street

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

FINANCIAL TIMES STOCK INDICES 1020.2 1010,7 1002,5 1004,6 999,1 1006,5 840,1 ..... 450,2 450.7 451.0 461.4 463,0 455.4 698.5 Earnings, Yld % (full) 11.42 11.52 11.60 11.58 11.65 11.54 10.92 Total bargains (Est.) 19,245: 25,216: 24,828 22,643 22,273 23,835 20,770 Equity turnover £m. - '308.66 410,67 338.60 388.60 348.70 298.69 19,356 23,962 80,661 18,820 18,539 18,025 Shares traded (mil... - 166.6 229.5 176,6 183.9 154.0 158.7 10 am 1010.0. 11 am 1012.8. Noon 1013 5. 1 cm 1013.7. 2 pm 1015.3. 3 pm 1017 6. Basis 100 Govt. Secs. 15/10/26, Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974. Latest Index 01-246 8026 HIGHS AND LOWS S.E. ACTIVITY INDICES Since Compilatio 

Brick 6 higher at 158p, while a combination of revived take but Spear and Jackson dipped 6 Trent Holdings continued to attract buying in the wake of press comment and firmed 5 afresh to 97p.

Plysu touched 247p following Recent publicity given to a dropped 15 tol 95p. Plysu touched 2470 following Recent publicity given to a he good annual results and pro- broker's circular stimulated fresh support of Dixons, 9 up for a two-day gain of 22 at 724p.

#### Cable & Wireless up

Cable and Wireless returned to prominence in the Electrical sector, risingk 25 to 575p on news of the telecommunications services agreement with A. T. and T. vices agreement with A. T. and T. Plessey recovered 6 more at 150p, while Racal put on 4 at 198p and British Telecom hardned 3 to 198p. Recent sspeculative favourite Thorn EMI were volatile, falling to 465p on profittaking before closing a net 6 easier on the day at 472p.

Food Retailers made an impressive showing. Dee Corporation gained 15 to 266p in response to a couple of brokers' circulars. Buying ahead of next Wednes-day's annual results lifted Tesco 10 to 270p, after 273p. Associated Dairies rose 6 more to 166p, and Kwik Save improved the same amount to 216p. Old takeover favourite Hilards moved up 7 to 390p in a restricted market. Elsewhere, renewed demand left Tate and Lyle 10 higher at 408p and Cadbury Schweppes 3 dearer at 161p. Recently-dull Bio-Isolates found support in the wake of the £840,000 rights issue proposal and put on 6 to 33p.

closed 7 down at 230p. Among other miscellaneous industrial leaders, Reed International were active ahead of today's pre-liminary statement, sliding to active ahead of today's preliminary statement, sliding to
617p at one stage before rallying
to finish only a penny cheaper at
627p. Glaxo, on the other hand,
closed \(\frac{1}{2}\) better at a new peak for
the year of £13 and BTR added 8
at 376p. Elsewhere, Trafalgar
House, boosted by a considerable
amount of traded option business,
rose 6 to 380p. De La Rue
jumped 47 to 925p in reply to the
impressive annual figures.
Record preliminary profits lifted
Norcros 13 to 178p. Appledore
continued to draw strength from
the recent favourable interim
results, closing 15 higher at 310p,
after 315p, while NMW Computers revived at 350p, up 25p.
Demand ahead of tomorrow's
first-half results left Biue Arrow
8 dearer at 190p. Widney rose
1 to 40p following seculative
1 to 197p, CRA 6 to a year's low
of 310p and MIM Holdings dipped 5 to 147p.
South African Golds moved
narrowly throughout the day but
falls on balance, reflecting the
lack of progress by the bullion
price 8 dearer at 190p. Widney rose 31 to 40p following speculative buying. Gleves firmed 4 to 95p

\$6601 10 \$650 16 FL340; 240 FL345; 19 FL355; 5 FL356; 6 FL376; — FL376; — FL326; 25 FL350; 20 FL353; 622 FL354; 13 FL355; 622 FL355; 13 FL356; 50 FL356; 50

on the results, but Sangers softened 2 to 71p, after 67p, despite news of the profits recovery. Australian concern Elders IXL, reflecting domestic market influences, fell 15 to 150p. Recent reports of increased holiday bookings prompted a revival of buying interest in travel issues, Intasus rising 7 to 133p and Horizon gaining 6 to 1130.

Jaguar rose 11 to 285p, partly reflecting substantial hedging operations in the Traded Option

dipped a point to E19 despute chairman's forecast of increasing operations in the Traded Option

De Beers eased a few pencing of the current year.

arket. Publishers featured renewed Publishers featured renewed speculative support for East Midland Allied Press A which closed 12 to the good at 140p; the preliminary results are expected next Tuesday. Among Paper/Printings, McCorquodale spurted to 181p before settling 10 higher on balance at 170p following interim profits well in excess of most market expectations. Waverley Cameron improved 10 to 113p. Advertising agencies continued to feature Geers Gross 6 off at 77p—the shares have now fallen 51 since last Friday's profits warning.

Leading Properties closed with little alteration, but secondary issues were again selectively firm. C. H. Beazer continued to attract support and rose 12 for a two-day gain of 27 to 402p, while USM-quoted Top Estates firmed 8 more to 183p.

Bats bardened 6 to 318p, sentiment helped by a sizeable overnight turnover in the U.S.

Oils lower

#### Oils lower

Sentiment in oils was shaken by news that Opec has called an emergency session of its full ministerial council for June 30: the next full meeting of ministers was originally scheduled for July 22. Monday's late slide in crude oil spot prices added to the unease in the sector and the unease in the sector and dealers responded by marking leading issues lower. Little selling pressure ensued, but closing levels were generally the day's lowest with falls ranging from between 3 to 7, as in BP, 527p, Britoll, 225p, Burmah, 279p, LASMO, 280p, and Shell 690p.

Secondary stocks were particularly weak, especially the U.S. exploration groups and Irish issues. Among the latter, Eglinten Oil and Gas dropped 8 to 75p and Bryson fell 7 to 138p. Falcon Resources continued to lose ground and dipped to 83p before recovering to close 2 off at 88p. Great Western Resources and Firstland Oil and Gas lost 10 apiece at 230p and 210p respectively.

Australian golds weak Come Bus Lan might, that the Federal Govern-ment has proposed to tax earn-ings on gold mining. The news prompted heavy selling in domestic markets overnight and this continued in London trad-tics. Colds the proposed to tax earn-this continued in London trad-

Interest in the sector was

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**EUROPEAN OPTIONS EXCHANGE** 

Vol. Last Vol. Last

6.10 8 6.30 8 0.70 8 0.70 8 1.70 8 1.70 8 1.70 8

5 4,30 7 1 9.50 1.70 A 2.90 3 6 0.30

A=Ask B=Bid C=Call

TOTAL VOLUME IN CONTRACTS: 16,790

mainly directed towards Kloof and Gold Fleids of South Africa which returned from suspension following publication of the details of the new gold mining operation. Kloof were initially quoted at £31 but subsequent selling from South Africa left the share at £301. Gold Fields of South Africa were little changed at £131. Anglo American Corporation's record earnings and increased dividend inspired early support from Johannesburg but interest faded and the shares eased late to close unaltered on eased late to close unaltered or balance at £11]. "Amcoal" dipped a point to £19 despite the chairman's forecast of increased

De Beers eased a few pence t 417p in the wake of reports of a wages dispute at the company's Namaqualand Mines Division, while Minorco beld at 680p following confirmation that the company has sold 10m shares in U.S. investment house Phibro Salomon to raise in excess of \$400m.

Among UK financials Consolidated Gold Fields attracted profit-taking and fell away to close 15 off at 548p. Rio Tinto-Zinc reflected the recent declines in base-metal prices and ended the day 9 off at 581p.

Demand for Traded Options improved dramatically with 11,642 contracts struck — the highest since mid-March. British Telecom were particularly active; calls done amounted to 1,549, the August 200 being favoured with 730 trades struck. BT also attracted 1,899 puts, 1,055 in the November 180's. Hanson Trust recorded 766 calls and 93 puts November 180's. Hanson Trust recorded 766 calls and 93 puts following the interim figures. Trusthouse Forte and Tesco attracted 462 and 615 calls respectively. A lively two-way business was again noted in the short Gilt option contract which contributed 301 calls and 304 puts

#### **NEW HIGHS AND** LOWS FOR 1985

NEW HIGHS (148)



NEW LOWS (53)

TEXTILES (1)

#### RECENT ISSUES

|        | EQ                       | UITH  | <b>:5</b>          |                     |  |                       |            |                         |                 | _                  | _                    |
|--------|--------------------------|---|--------------------|---------------------|--|-----------------------|------------|-------------------------|-----------------|--------------------|----------------------|
|        | 58                       | <b>53</b> (8)                                   | To to 1985         |                     | Closing  | ;<br>+or              | Net<br>Div | a Pa                    | <b>1</b> 2      | 다.<br>하라<br>()     |                      |
| f      | ente<br>ente             | Amoun<br>pold up                                | 분<br>Higt          | Low                 |  | 50                    |            | Ž0                      | ě               | öΣ                 | 2                    |
| a<br>e | 695<br>1380              | F.P. <sub>128</sub>                             | 5 93               | 104                 | Anglo EastPlants   | . 91                  | '+1 ·      | 1                       | 2.5             |                    | 16,5<br>—            |
| Ŗ      | 1125<br>172              | F.P. 31:1<br>F.P. 28:1                          | 181<br>190         | 154<br>176          | Po. Warrants<br>Aspen Comms. 5p<br>Asda Property 20p               | 174                   | '+B        | u3,0°                   | 2,1             | 2,4                | 25.B                 |
| t      | 375                      | F.P. —<br>F.P. —<br>200 10:1                    | .700<br>255        | 650<br>216          | Banco de Bilbao S.A<br>Banco de Santander<br>British Aerospace 50p | 680<br>220            | +6         | 13,65                   | <u>.</u><br>3.1 | 4.9                | 7,3                  |
| e<br>E | 165<br>135               | F.P. 31/<br>F.P. 21/                            | 175                | 168<br>115          | *Browns (C.) Gar 10p<br>*Clayform Props. 5p<br>Coloroll 10p        | 184                   | -2 j       | bg7.5                   | 2,1<br>2,5      | 5,4<br>5,2         | 10.6<br>11.1         |
| 3      | 184<br>200<br>1117       | F.P. 314<br>F.P. 314                            | 300<br>3 130       | 1250<br>1560        | *Datron Int'l. 5p<br>Domino Print, Solenc.<br>*Electron House 10p  | 270<br>125            | +2         | u1.75                   | 1.9             | 0,9<br>3.1         | 68.0<br>22.7         |
| 2<br>S | 150<br>150<br>100<br>(28 | F.P. 28/0<br>F.P. 7/0<br>F.P. 21/0<br>F.P. 14/0 | 205                | 185                 | Himes &March 110p<br>Huntleigh Tech Sp.<br>MartinCurrie Pac.50p    | 200                   |            | u 1.5                   | 3.6             | i.1                | 51.6<br>—            |
|        | ;120<br>41<br>110        | F.P. 7/6  | 18I<br>471         | 143<br>21 43<br>103 | Maxiprint Ip   | 181<br>44<br>103      | <br>2      | 0.92d                   | 5.2<br>2.0      | 1.5                | 34.6<br>11.6         |
| ī      | £7,25′                   | F.P. 26.4                                       | 86                 | , 36                | Persummen 10p<br>Plantation Tst<br>Do. Warrants<br>Prestwick 5p    | - 3a ·                | *****      | (                       |                 | _ :                |                      |
| 8      |                          | F.P. 7/6<br>F.P. 26/6<br>F.P. —                 | .205<br>125<br>104 | 176<br>107<br>103   | ·····································                              | 185 !<br>110<br>104 ! | +8<br>-2   | 62,753<br>u1,26<br>u2,5 | 4,0<br>2,7      | 2.1<br>1.6:<br>3.2 | 19,9<br>20,0<br>15,1 |
| -      | 992                      | F.P. 24:  | 72                 | 68                  | ·±Wyko Group 10p   | 68-                   |            | 52.4                    | 2.4             | 0,2                | 11,9                 |

|         |   | 1141                             | ER  | Ç.J   | r stocks  |  |           |
|---------|---|----------------------------------|---|---|---|--|-----------|
| Drice : | Amount<br>paid up                         | Catest<br>Genuno<br>date         | 19  | B5  | Stock   | Closing<br>price 2   | <u>+:</u> |
| 90,705  | NII<br>E30<br>F.P.<br>F.P.<br>F.P.<br>NII | 25:6<br>5:7<br>6:6<br>6:6<br>6:6 | 80pm<br>107<br>31½<br>100/k<br>100¼<br>99<br>108<br>5pm<br>565e | 29;;<br>99;<br>100 4<br>100 4<br>106<br>2pm | Angio-East Pits. 121-2 Une. Ln. 85-83. Assoc. Brit. Eng. 82 Curm. Cmv. Rd.Prf. Bramsii (C.D.: 182-Cmv. Une. Ln. 83-2008. Lon. 1 Edin. 61-2 Conv. Curm. Rd. Prf Maigysen 10-32 Ln. 2009. MationwideBidg. Soc. 122-2 12-5-86 Do. 121-2 9-6-85 Plantation Trat 71-2 cmv. Une. Ln. 2009. Gueens Most 75 Curm. Cnv. Rd. Prf Russell (A.) 5-75-2 Curm. Cnv. Rd. Prf Spainkingdom of) 11-2-2 Ln. 2010. Woolworth 81-2 Cov. Une. Ln. 2000 | 50pm<br>106<br>7<br>100 h<br>100 4<br>92<br>108<br>2pm<br>36 4 | + 19      |

| RIC       | GHT        | rs oi             | FER        | 5          |                              |            |          |
|-----------|------------|-------------------|------------|------------|------------------------------|------------|----------|
| issue; 57 |            | Latest<br>Renunc. | 198        | 5          | Stock                        | Crosing    | +•       |
| price     | ₹ <u>0</u> |                   | High       | Low        |                              | 8=         | <u> </u> |
| 195       | Nil        |                   | 21pm       |            | 'Anchor Chemical             | ?pm        | +3       |
| 200       | F.P.       |                   | 1 980      | 355        | Bank of Scotland £1          | 380        | 1 22     |
| 150       | F.P.       | 14:6<br>5:7       | 400        | 325<br>372 | Bazer (C.H.) 70p             | 400<br>400 | , + 18   |
| 350<br>28 | F.P.       | 26/6              | , 29 lepm; |            | Brit, Empire Sec. & Gen. 5p. |            | +8       |
| 134       | F.P.       |                   | 23pm       |            | • Godwin Warren · ·          | 28<br>23pm |          |
| -00       | F.P.       | 25/6              | 93         | 85         | Groevenor Square 10p         | 93         | +8       |
| 80<br>66  | F.P.       |                   | ! 80 !     | 73         | Lon. & Northern              | 79         |          |
| 515       | NII        |                   | 127pm      |            | Low (Wm.) 20p.               | 122pm      |          |
| 285       | F.P.       |                   | 360 .      | 335        | Mames 10p                    | 335        |          |
| 95        | F.P.       | 7/6               | 10219      | 95         | Nationwide Leisure           | 95         | 1        |
| 26        | F.P.       |                   | 45         | 29         | Newman Inds. 10p             |            | +1       |
| 70        | F.P.       | 4/7               | 77pm!      | 72om       | *Rivin (i.D.S.) 5p           | 76         |          |
| 120       | Nii        | 12/7              | 9pm        | 10pm       | Suter 5p                     | 9pm        |          |
| 222       | F.P.       | 26:6              | 265        | 236        | 'Tesco 50                    | 265        | +5       |
| 10        | Hil        | 12,7              | [ 22pm]    | 17pm       | "The Times" Veneer           | 22pm       | +2       |
| 150       | Nil        | 12/7              | ( 60 pm    |            | Tomkins : F.H.: 5p           | 57pm       | · —3     |
| 2         | NII        | ' —               | 1 lepm     | 1 12 pm    | Willaire Systems             | 11gpm      | ;        |

| Renunciation date usually last day for dealing free of stamp duty. B Figures said on prospectus estimates. d Dividend rate paid or payable on part of apital, cover based on dividend on full capital. g Assumed dividend and relid. u Forecast dividend down based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend |
|--|
| and yield based on prospectus or other official estimates for 1984. Q Gross.<br>Pence unless otherwise indicated. I issued by tender. I Offered holders of   |
| rdinary shares as a "rights." ** Issued by way of capitalisation. 🔉 Reintro-   |
| luced. 11 issued in connection with reorganisation merger of takeover.<br>I Allotment letters of fully-paid. It introduction. A Unlisted Securities  |
| Market. § Placing price. T Figures assumed. †† Official London Listing.  |
| 2 Dealt in under Rula 536(3).  |

| 12 Dealt in under Rule 535(3).      |                          |
|-------------------------------------|--------------------------|
|                                     | Jaguer                   |
| OPTIONS                             | Legal and General 725 +  |
|                                     | McCorquodale 170 +       |
| First Last Last For                 | Reed International 627 - |
| Deal- Deal- Declara- Settle-        | Sangers 71 -             |
| ings ings tion ment                 | Thorn EM 1., 472 -       |
| May 20 June 7 Aug 29 Sept 9         | UKO International 138 -  |
| June 10 June 21 Sept 12 Sept 23     |                          |
| June 24 July 5 Sept 26 Oct 7        | STERLING INDEX           |
| Same are suny of pepting oct 1      |                          |
| For rate indications see end of     | June 4 Previ             |
| Share Information Service           | 8.30 am 79.9 N/          |
| Money was given for the call        | 9.00 am 80.0 N/          |
| of Meyer International, Petranol.   |                          |
| Hogg Robinson, Falcon Re-           | 10.00 am 80.0 N/         |
| sources, Eglinten Oil and Gas.      | 11.60 am 80.0 N/A        |
|                                     | Noon 80.0 N/A            |
| Sangers, Riley Leisure, Sekers      | 1.00 pm 80.0 N//         |
| International, Combined Tech-       |                          |
| nologies, British Vending Indus-    | 2.00 pm 79.9 N//         |
| tries, J. Rothschild, Vinten, Bats. | 3.00 pm 79.8 N/A         |
| Telemetrix and Western Mining.      | 4.00 pm 79.7 80.5        |
| No puts were reported, but a        |                          |
|                                     | DIOTO AND PALES          |
| double was taken out in             | RISES AND FALLS          |
| PetranoL                            |                          |
|                                     | YESTERDAY                |

| CTIVE STOCKS Rises Falls S  |                        |
|---|------------------------|
|   | 41                     |
| o following stocks yesterday. Foreign Bonds 29 1<br>Closing Day's Industrials 371 181 | 47<br>206<br>152<br>58 |
| Stock price change Fin. and Props 149 48 dy Shop                                      | 52<br>52<br>10         |
| inton Oil and Gas 75 — 8 Mines  | 80<br>83               |

| B.P.   |   |                         |                   |                             |                      | LO            | ND                | ON             | TRA           | DED O                  | PTI                          | DNS                                     | •                      |                 |                               |                 |               |
|--|---|-------------------------|-------------------|-----------------------------|----------------------|---------------|-------------------|----------------|---------------|------------------------|------------------------------|---|------------------------|-----------------|-------------------------------|-----------------|---------------|
| B.P.   | ı |                         |                   | C                           | ALLS                 | _             | _                 | PUTS           |               | ı                      |                              |   | ALLS                   | _               | _                             | PUTS            |               |
| Contraute  |   | Option                  |                   | Jly.                        | Oct.                 | Jan.          | Jly.              | Oct            | Jan.          | Option                 | <u> </u>                     | Aug.                                    | Nov.                   | Feb.            | Aug.                          | Nov.            | Feb.          |
| Courtautida  |   | (*528)                  | 500<br>550<br>600 | 48<br>15<br>21 <sub>2</sub> | 60<br>28<br>15       | 40            | 30<br>77          | 33<br>77       | 40            |                        | 280<br>293<br>300<br>323     | 30<br>22<br>                            | 40<br>32<br>22         | 45              | 10<br>22<br>47                | 15<br>25<br>48  | 20<br>30      |
| Cont. Union   180   49   25   25   27   29   7365)   330   45   62   60   319   60   60   60   60   60   60   60   6   |   | (*564)                  | 500<br>550        | 60<br>33                    | 75<br>45             | 52            | 20                | 13             | 45            |                        | 140<br>160<br>180            | 40<br>21<br>9                           | 26                     | 31              | 2<br>41 <sub>2</sub><br>12    | 8               | B             |
| Composition   150  |   | (*141) 140<br>160       |                   | 8                           | 16<br>6              | 18            | 18                | 21             | 9             | P. & O.<br>(*363)      | 300<br>330                   | 75<br>45                                |                        |                 | 2<br>31 <sub>2</sub>          |                 |               |
| C1-E0    250   37   15   25   26   38   38   28   280   3   13   14   26   1   1   14   14   14   15   15   16   16   16   16   16   16  |   |                         | 220               | 31<br>19                    | 37<br>27             | 33            | 10                | 15             | 20            |                        | 390<br>420<br>180            | 15<br>5<br>32                           | 22<br>                 | 30<br><br>45    | 55<br>58<br>4                 | 38<br>-<br>7    | 58<br><br>8   |
| Crand Met.   Sept.   |   | G.E.C.<br>(*188)        | 200               | 3                           | 13                   | 36<br>20<br>— | l 34              | 18             | 20            |                        | 280<br>240<br>260            | 9<br>4<br>1                             | <u> </u>               | Ξ               | 94<br>44<br>64                | 26              | =             |
| (***F15)   |   | (*303)<br>              | 300<br>330        | 15                          | 25                   | 33            | 9                 | 14             | 1 20          | (*584)                 | 600<br>650<br>700            | 27<br>12<br>5                           | 45<br>25<br>12         | 54              | 54<br>75<br>184               | 48<br>80<br>184 | 47            |
| Land Sec. 280 15 24 33 4 5 9 9 (USP-96) 82 4 4 4 4 4 4 4 4 6   |   |                         | 750<br>800<br>850 | 47<br>22<br>6               | 62<br>37<br>18       | 77            | 12<br>40<br>85    | 19<br>48<br>91 | 26            | (*\$ <del>0</del> 3)   | 90<br>100<br>110             | 91 <sub>2</sub><br>6<br>21 <sub>9</sub> | 1212                   | 15              | 712<br>121 <sub>2</sub><br>20 | 91 <sub>2</sub> | 11<br>164     |
| Marks & Sp.   150   25   89   25   5   5   7   7   140   17   6   9   9   14   17   6   9   9   16   160   2   6   10   14   17   6   9   9   16   160   2   6   10   18   25   33   18   25   33   760   7   20   30   62   64   70   76   7   20   30   62   64   70   76   7   20   30   62   64   70   76   7   7   20   30   62   64   70   76   7   7   7   7   7   7   7   7  |   | Land Sec.<br>(*287)     | 280<br>500        | 15                          | 24<br>14             | 23            | 14                | 5<br>20        | 1 22          | Ex10% 1989<br>(USP*96) | 92<br>94<br>96               | 414<br>2.7<br>0#                        | 5 ns                   |                 | 0 15<br>0 45<br>0 47          | Out             | Oie<br>Oie    |
| Shell  |   |                         | 130               | 15<br>719                   | 81<br>14             | 17            | 5<br>6            | 5              | 7<br>12       | l —                    | —                            |   |                        |                 | ;                             |                 | Dec.          |
| Traffgar Hae   523   61   69   69   7   7   7   7   7   7   7   7   7  | I | Shell Trans.<br>(*691)  | 700<br>750        | 57<br>18<br>7               | 40                   |               | 18<br>62          | 35<br>64       |               | (*876)<br>Beccham      | 350<br>475<br>350            | 32<br>11                                | 42<br>80               | 53<br>40<br>70  | 18<br>11 <sub>2</sub>         | 25<br>25        | 20<br>55<br>4 |
| Secondary   Seco | ١ | Traf'gar Haei<br>(*380) | 523<br>330        | 61                          | 69                   | 69            | 1                 | , š            | <del></del> - | Bass                   | 390                          | 75                                      | 92                     | 20 J            | 17                            | 22<br>6         | 28            |
| Option Asg. Nov. Feb. Aug. Nov. Feb. GKN 180 58 64 - 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2   | ļ |                         | 360<br>383        | <b>i</b> – I                | _                    | ] =           | I —               | l –            | I —           | De Beers               | 420<br>460                   | 150<br>95                               | 145                    | <u>52</u>       | 2                             | 10              | 47            |
| Option Aug, Nov. Feb. Aug. Nov. Feb. GKN 180 58 64 - 2 2 2 - 2 1 2 2 2 2 2 2 2 2 2 2 2 2 2   | ı |                         |                   |                             |                      |               |                   |                |               | 52 85                  |                              |   | 10 35                  | 35              | 48                            |                 |               |
| Sarciays   360   6   13     45   50  | l | BAT Inds. (             |                   | 34                          | 45                   | 50            | 6                 | 10             | \             |                        | 200<br>220                   | 38<br>20                                | 44<br>26               |                 | 2                             | 21 <sub>2</sub> | 1 .           |
| (*399)   585   37   40   45   17   18   -  | I |                         | 360<br>360        | 8<br>21g                    | 13                   | =             | 45                | 50             | =             | Hanson<br>(*230)       | 220<br>220                   | 33<br>15                                | 42<br>25               | 31              | 2 4                           | 9<br>5<br>10    | 9 15          |
| (*396) 480 15 25 30 30 35 36 Tenco 236 40 45 50 11e 5 6 460 0 10 - 65 70 - (*273) 256 22 30 37 5 14 17  Bt. Telecom 140 65 1 1 150 150 150 16 22 38 (*273) 150 150 150 150 150 150 150 150 150 150   |   | (*599)                  | 385<br>590<br>435 | 37<br>9                     | 15                   | 45<br>-       | - I               | 50             | 32<br>-       |                        | 280<br>300<br>550            | 15½<br>5                                | 27<br>14<br>6          | 3B<br>25        | 8<br>17<br>46                 | 20<br>25<br>46  | 21<br>32      |
| (*1997) 150 53 1 FT-SE index 1200 138 155 - 2 8 -  |   | (396)                   | 420<br>460        | 15                          | 25                   |               |                   | 33             | 38            |                        | 236  <br>856                 | 40 i                                    | 45<br>30               | 57              | 11 <sub>8</sub>               | 3 1             |               |
| 170 38 41 - 112 812 - 1300 48 72 90 10 34 55 180 26 35 40 5 5 7 1350 12 42 60 30 62 72   |   |                         | 170               | 1112                        | 49<br>41<br>35<br>22 | 1 1 1 429     | 1<br>1<br>3<br>11 | 5<br>14        | -             | (*1556)                | 1200<br>1250<br>1300<br>1350 | 12                                      | 158<br>105<br>72<br>42 | 125<br>90<br>60 | 2<br>5<br>10<br>50            | 18<br>34<br>62  |               |
| 220 5 11 20 24 26 129 22 40 40 40 40 40 40 40 40 40 40 40 40   |   | imperial Gp. (*195)     | 160 1             | 40 1<br>25<br>11            | 27<br>16             | 31            | 8<br>5<br>13      | 7<br>16        |               | *128.53cts             | 135<br>130<br>al cont        | 0,90<br>racts 1                         | 1,642                  | Calls           | 7.197.                        | 4.90<br>7.70    | 7.20<br>10.20 |

| EQUITY GROUPS & SUB-SECTIONS                             |                                       |                |                                       |                        | Tu              | es Ju                                | ne 4      | Mon<br>Jame<br>3 | Fri<br>May<br>31              | Thur<br>May<br>30           | (SEELURY)<br>ado<br>ACER |                   |                   |                  |
|--|---------------------------------------|----------------|---------------------------------------|------------------------|-----------------|--------------------------------------|-----------|------------------|-------------------------------|-----------------------------|--------------------------|-------------------|-------------------|------------------|
| Figures in parentheses show mumber of stocks per section |                                       |                |                                       |                        | Day's<br>Change | Est.<br>Earning<br>Yield'9<br>(Max.) | Yet       | ,<br>%<br>[24    | Est.<br>P/E<br>Ratio<br>(Net) | ज्यं की.<br>1985<br>to date | index<br>No.             | fades<br>No.      | ladex<br>Big.     | listlex<br>No.   |
| 1  | CAPITAL SOOD                          | S (207) .      |                                       | 557.                   |                 | 10.05                                |           |                  | 12.44                         | 7.20                        | 551.79                   | 546.00            | 546.43            | 496.54           |
| 2  | <b>Building Materia</b>               | is (23)        |                                       | .   544.2<br>  784.3   |                 | 12.00                                |           |                  | 16.13<br>18.05                | 6.93<br>16.47               | 541,78<br>783,12         | 536.24<br>773.34  | 536.32<br>770.28  | 480.67<br>670.93 |
| 3 '<br>.4  | Contracting, Cont<br>Electricals (14) |                |                                       | 1523                   |                 | 10.31                                |           | 78               | 12.25                         | 27.85                       | 1521,46                  | 1509,71           | 1511.30           | 1563.84          |
| 5  | Electronics (37)                      | _              |                                       | 1577.                  | 5 +12           | 9.38                                 |           |                  | 13.87                         |                             | 1559.60                  |                   | 1544,05           |                  |
| 6  | Mechanical Engit                      | ceering (&     | 3)                                    | .   315.               |                 | 10.12                                |           |                  | 12.04<br>18.38                | 4.79<br>3.71                | 312.86<br>200.69         | 311.77<br>198.16  | 370.84<br>198.26  | 247.65<br>183.97 |
| 8  | Metals and Metal<br>Motors (17)       | 201.5<br>168.4 |                                       | 12.95                  |                 | 99                                   | 9.58      | 3.15             | 164.89                        | 161.13                      | 162.02                   | 130.69            |                   |                  |
| 30<br>30   | Other Industrial                      | daterials      | (17)                                  | 1018.                  | 6 +1.8          | 7.07                                 | 1 3       |                  | 16-98                         | 11.22                       | 992.74                   | 981.13            | 985.43            | 654.28           |
| 21   | CONSUMER GR                           | OUP (17)       | 5)                                    | . 6884                 |                 | 2.44                                 |           |                  | 13.89<br>11.25                | 8.79<br>8.09                | 672.67<br>612.45         | 666.98<br>612.15  | 666.80<br>606.59  | 583.38<br>522.88 |
| 22   | Brewers and Dist                      | itlers (23)    | }                                     | .   6173<br>  511      |                 | 12.09                                |           |                  | 10.62                         | 9.86                        | 506.51                   | 504.04            | 504.41            | 375.95           |
| 25<br>26   | Food Manufactur<br>Food Retailing C   | 제명 (20)<br>소)  |                                       | 1660                   |                 | 5.25                                 | 1 2       | 38               | 25.39                         | 10.24                       | 1628.40                  | 1602.86           | 1591.17           | 1154.52          |
| 27   | Health and House                      | hold Prot      | duces (9)                             | . (1115/               |                 | 5.86                                 |           |                  | 19.94                         | 5.75<br>12.59               | 1184.30                  | 1099.46<br>688.81 | 1095.54<br>692.64 | 789.69<br>688.14 |
| 29   | Leisure (23)<br>Newspapers, Pub       | 4-Line 67      |                                       | .   698.)<br>. 1803.   |                 | 6.79                                 |           |                  | 15.40<br>19.05                | 32.34                       | 695.91<br>1785.85        |                   |                   | 1280.26          |
| . 32   | Packaging and Pa                      |                |                                       |                        |                 | 11.46                                |           |                  | 16.01                         | 2.58                        | 335.97                   | 328.27            | 326.78            |                  |
| 34   |                                       |                |                                       |                        |                 | 7.51                                 |           |                  | 18.06                         | 8.45                        | 649.18                   | 643.18            | 646.68            | 452.15           |
| 35   |                                       |                |                                       | .   332.7<br>.   852.1 |                 | 16.51<br>17.50                       |           | 75<br>88         | 7.01<br>6.40                  | 6.38<br>17.44               | 332.63<br>838.68         | 333,30<br>826,03  | 330.83<br>828.37  | 267.30<br>615.77 |
| 36   | Tobaccos (3)                          | - (140)        |                                       |                        |                 | 8.43                                 |           |                  | 14.95                         | 6.00                        | 715.22                   | 712.14            | 71436             | 434,49           |
| 41<br>42   | Chemirals (17)                        |                |                                       | .   773.               | 7 +0.1          | 13.44                                |           | <b>80</b>        | 9.20                          | 15.33                       | 772.83                   | 774.28            | 775.87            | 578.78           |
| 44   | Office Engineed                       | (4)            |                                       | تەقلا ( .              |                 | 7.07                                 |           |                  | 17.55<br>19.78                | 3,58<br>25,43               | 187.05                   | 181.18<br>1154.29 | 185.09<br>1152.92 | 122.78<br>844.97 |
| 45   | Shipping and Tra                      | nsport (12     | 2)                                    | . 1151.9<br>. 897.9    |                 | 6.84                                 |           |                  | 17.82                         | 5.94                        | 899,37                   | 888,42            | 888.90            | 601.39           |
| 46   | Miscellaneous (6:<br>Telephone Netwo  | =ks (2) _      |                                       | 904                    |                 | 7.40                                 | <u> 1</u> |                  | 17.64                         | 0,70                        | 889:18                   | 887.90            | 892.31            | 9.0              |
| 49   | HIBUSTRIAL C                          | ROUP (4        | 3)                                    | . 666.                 |                 | 9.32                                 |           |                  | 13,37                         | 7.77                        | 660.23                   |                   | 655.66            | 495.68           |
| 51   | Oils (17)                             |                |                                       | 1145.                  |                 | 16.13                                |           |                  | 7.62                          | 37.63                       |                          |                   |                   |                  |
| 59   | 500 SHARE (ND                         | EX (500)       | <u>,,</u>                             | 707.                   |                 | 10.19                                |           | _                | 12.19                         | 10.16<br>9.14               | 701.85<br>472.84         | 696.58<br>467.92  | 697.40<br>468.46  | 550.31<br>359.30 |
| 61   | FINANCIAL GR                          | 113) جُال      | 5)                                    | .   478.<br>  479.     |                 | 16.16                                |           | 23  <br>21       | 3.83                          | 11.72                       | 473.68                   | 464.84            | 464.58            | 345.09           |
| 62   | Banks (6)                             | NO1            |                                       | 756                    |                 | _                                    | 4         | 20               |                               | 14.71                       | 735.34                   | 716.95            | 713.00            | 459.94           |
| 65<br>66   | Legenmen (Comp                        | osite) (T)     |                                       | 360.9                  | 5 +20           | \ <u></u>                            | 5/        |                  |                               | 8.53                        | 354.03                   | 352.99<br>1152.33 | 353.94<br>1145.05 |                  |
| 67   | Incursors (Broke                      | rs) (7)        |                                       | .  2174.               |                 | 7.59                                 | 1 3       |                  | 17.71                         | 19,87<br>1,56               | 226.49                   | 225.43            |                   | 286.89           |
| 68   | Merchant Banks                        | 11)            |                                       | 626.6                  |                 | 5.76                                 |           | 73               | 23.31                         | 7.46                        | 627.73                   | 627.52            | 628.70            | 548.04           |
| 69<br>70   | Property (50)<br>Other Financial Ca   | Δ)             |                                       |                        | 2 <u>-03</u>    | 8.74                                 |           |                  | 13,90                         | 5,38                        | 283.20                   | 262.55            | 286.68            | 234.20           |
| π̈   | Investment Trust                      | (106)          |                                       | .   597.               |                 | Ι.–                                  |           | 41               | <br>18.34                     | 6.70<br>5.29                | 596.27<br>287.56         | 597.22<br>283.58  | 597.37<br>283.46  | 471.41<br>301.58 |
| 81   | Mining Finance (                      | 4)             |                                       | . 282.3<br>655.5       | 2 -18           | 9.40                                 |           | 1                | 1316                          | 19.54                       | 657.38                   | 664.79            | 666.03            |                  |
| 91   | Overseas Traders                      |                |                                       | 643.6                  | _               | +-==                                 |           | 41               | _                             | 9,73                        | 638.99                   | 634.16            | 634.87            |                  |
| 99   | ALL-SHARE IN                          | JEX (737       | <u>}</u>                              | Inde                   |                 | Day's                                | +         | _                | June                          | May                         | May                      | May               | Мач               | Year             |
|  | 1.                                    |                |                                       | No.                    |                 | e High                               | ם וו      |                  | 3                             | 31                          | 30                       | 29                | 28                | ago 1            |
| -  | FY-SE 100 SKA                         | an reliability | <u> </u>                              |                        | 6+120           | 1336.7                               | 1324      | 5 1              | 324.6                         | 1313.6                      | 1314,7                   | 1312.0            | BUA               | 1877.8           |
| - 1  | FT-SE 100 SMA                         | G INNE         | · · · · · · · · · · · · · · · · · · · |                        |                 |                                      | _         |                  |                               |                             | 1                        |                   |                   |                  |
| •  | FI                                    | KED I          | NTER                                  | EST                    |                 |                                      | RE        | ERA<br>DEM       | CE CRI<br>PTION               | AIETO?                      |                          | Toes<br>Jane<br>4 | Mon<br>Jame<br>3  | (Sebror)         |
| _  |                                       |                | <u> </u>                              |                        | . <u>.</u> T    | <u> 1</u>                            | 8         | ritish           | Coyen                         |                             |                          |                   |                   |                  |
| -  | PRICE                                 | Tyes           | Day's                                 | Mos                    |                 | nd add.  <br>1985                    | 1 0       |                  |                               | years                       |                          | 20.29             | 10.30             | 11.06            |
|  | INDICES                               | 100            | charge<br>%                           | Jane 3                 | today           | lo state                             |           | upous            |                               | i years<br>i years          |                          | 10.55<br>19.22    | 18.59<br>18.27    | 10.26            |
|  |                                       | <u> </u>       | <del>""  </del>                       |                        | <del></del>     |                                      | 3 14      | ediam            |                               | years                       |                          | 11.36             | 11.30             | 11.78            |
|  | British Succession                    | [              |                                       |                        | - 1             | 424                                  |           | upėus            |                               | years                       |                          | 10.82             | 10.83             | 11.19            |
| 1  | 5 years                               | 118.85         | +0.02                                 |                        | -               | 4.66                                 | 6         | -                | 2                             | years                       |                          | 10.39             | 18.41             | 18.49            |
|  | 5-15 years                            | 130.57         | +0.15                                 |                        | -               | 5.39                                 | 7 8       |                  |                               | <b>7007</b>                 |                          | 11.39             | 11.40<br>11.80    | 11.93<br>11.35   |
|  | Over 15 years                         | 137.87         | , ,                                   | 37.60                  | - (             | 3.A7                                 | 8 C0      | obous            |                               | i yeari<br>S years          |                          | 10.58             | 39.68             | 10.57            |
|  | tredeemables                          | 146.95         | +0.29                                 | 45.63                  | - !             | 636                                  |           | edean            | nables                        | - 3-mm                      | †                        | 10.05             | 10.07             | 18.18            |
| - 1  |                                       | 129.63         |                                       | 28.89                  | <b></b> .       | 4.90                                 | _~        | bs &             |                               | 5 years                     |                          | 11.88             | 11.94             | 12.43            |
| -5   | All stocks                            |                | · · · · ·                             |                        |                 | 5.69                                 | 12        |                  |                               | 15 years                    |                          | 11.69             | 11.74             | 12.16            |
| 6  | Debenheres & Letters                  | 109.22         | +0.38                                 | 188.50                 | +               |                                      | 13        |                  |                               | 25 years                    | <del></del>              | 11.49             | 11.55             | 11.97            |
| 7  | Preference                            | 78.47          | _                                     | 78.47                  | I               | 316                                  | 34 Pr     |                  |                               |                             | †i                       | 12.54             | 12.54             | 12.88            |
|  | -16/ <del>0.01/02</del>               |                |                                       | RRITISH                | SOVERN          | MEKT I                               | WEX-      | LINK             | ED ST                         | CKS                         |                          |                   |                   |                  |
|  | <u> </u>                              |                |                                       |                        |                 | 1.03                                 | 15 lgf    |                  |                               | 5%                          | .,,,,,,,,,               | 3.60              | 3.60              | 3.59             |
| - 8  | All stocks                            | 110.68         |                                       | 10.67                  |                 |                                      | 16        |                  |                               | 10%                         |                          | 3.41 i            | 3.41              | 341              |

TFlat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is Mediable from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p

Financial Times Wednesday June 5 1985 34 AMERICANS-Cont. 1985 High Low Stack | 27% | 184 | Amer. Nat. Res. 51 | 194 | 206 | 164 | Amer. Nat. Res. 51 | 197 | 264 | Amer. Nat. Res. 51 | 197 | 264 | Amer. Nat. Res. 51 | 197 | 264 | Amer. Nat. Res. 51 | 198 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 267 | 2 ch; Tek: (01) 623-8200 Autor 1 Branch: Tel: (069) 55 02 31 tive Office; Tel: (01) 295 15 73 pital Management) Limited, Loadon Tel: (01) 823-1494 BRITISH FUNDS Price + er Vield E - tel Rel. | Shorts | Clives up to Five Years | 99.5 | rest 111.52 1965 | 100.5 | rest 111.52 1965 | 100.5 | rest 111.52 1965 | 100.5 | rest 111.52 1965 | 99.5 ## Five Years)

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112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112|| | 112 1 1 | 105-| Tress. 13-pc 2000 | 119-| 11.55 | 11.00 | 115-| Tress. 13-pc 2000 | 119-| 11.75 | 11.20 | 11.75 | 11.20 | 11.75 | 11.20 | 11.75 | 11.20 | 11.75 | 11.20 | 11.75 | 11.20 | 11.75 | 11.20 | 11.75 | 11.20 | 11.75 | 11.20 | 11.75 | 11.20 | 11.75 | 11.20 | 11.75 | 11.20 | 11.75 | 11.20 | 11.75 | 11.20 | 11.75 | 11.20 | 11.75 | 11.20 | 11.75 | 11.20 | 11.75 | 11.20 | 11.75 | 11.20 | 11.75 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 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| 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.20 | 11.2 | 1374 | 1774 | 1783 | 1787 | 1744 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 | 1754 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BANK AND O'SEAS | GOVT STERLING | ISSUES | Islan ber 8t 201-cci-2009 | Islan ber 8t 201-cci-2009 | Islan ber 8t 201-cci-2009 | Islan ber 8t 201-cci-2001 | Islan be CORPORATION LOANS | 13 | 1242 | 160 | 1250 | 1208 | 1250 | 1208 | 1250 | 1208 | 1250 | 1208 | 1170 | 1151 | 1154 | 1170 | 1153 | 1170 | 1153 | 1254 | 1170 | 1153 | 1170 | 1153 | 1170 | 1153 | 1170 | 1153 | 1170 | 1153 | 1170 | 1153 | 1170 | 1153 | 1170 | 1153 | 1170 | 1153 | 1170 | 1153 | 1170 | 1153 | 1170 | 1153 | 1170 | 1153 | 1170 | 1153 | 1170 | 1153 | 1170 | 1153 | 1170 | 1153 | 1170 | 1153 | 1170 | 1153 | 1170 | 1153 | 1170 | 1153 | 1170 | 1153 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 1170 | 117 COMMONWEALTH & AFRICAN LOANS

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Section 1

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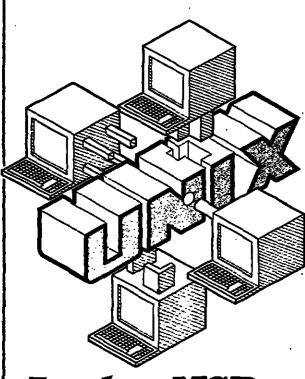
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| Forum .06 1704 10 85g 10 + 14<br>Forum .10 12 5 5 5 - 16  | intel<br>intrisy<br>intriel<br>intRad                           | 4480 261 <sub>2</sub><br>91 61 <sub>4</sub><br>6 13 <sub>4</sub>    | 65 <sub>1</sub> 65 <sub>2</sub><br>13 <sub>4</sub> 13 <sub>4</sub>  | -1 <sub>2</sub><br>-1 <sub>3</sub><br>-1 <sub>6</sub>   | MarshS .48<br>Marshii 2.24<br>MridN s 1                          | 25 16<br>5 82                                 | 165 165 165 165 165 165 165 165 165 165                                  | 163g - 1<br>82 + 3<br>301g - 3<br>53g - 1  | NwstPS   | 2.10<br>s .14<br>.01            | 45 23<br>6 51<br>78 19<br>12 3                 |
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| FreeFol 16 87 87 81 819 FreeSt. 87 111; 11 111; FreeSt. 48 122 274 27 274 +14 Fulre 5 .32 301 16 185 16   | http://<br>intmgn<br>intmec                                     | 7858 584<br>157 94<br>71 173  | 83, 53,<br>17 175,  | -22<br>-39<br>-14                                       | Maxure<br>Maxwel<br>MayPt<br>MaynOl                              | 163 13<br>67 5<br>10 4                        | 14 124<br>4  | 13¼ +¼<br>&<br>4   | Numeric<br>Numeric<br>NutriF<br>NuMed            |                                 | 73 74<br>13 27<br>78 84<br>181 11              |
| Funtine .05r 7 43, 4 4<br>G G   | initymet<br>Initymen<br>IBRWeA<br>InCapE                        | 25 84<br>13 135<br>162 134<br>315 4                                 | 4 4   | +14   | McCrm .88<br>McFad<br>McFari<br>McGrth                           | 50 12<br>18 91                                | 7 <sub>5</sub> 103 <sub>5</sub><br>12 1214                               | 373, +1<br>101 <sub>2</sub> -1 <sub>8</sub><br>121, -1 <sub>8</sub>  | ORS<br>Owid-Hill                                 | •                               | 25 37 <sub>0</sub><br>16 31                    |
| GTS 22 74 75 75 -18 Galileo 29 132 132 131 131 GalotrA 28 2 444 444 +1- Galoob 142 12 111 111 -12   | IntClin<br>IGame<br>IntHid 1<br>IntKing t                       | 104 13<br>443 1214<br>19 121<br>83 194                              | 191, 12   | +1/4<br>+1/4<br>-1/2                                    | Medalst 20e<br>Medalst 20e<br>Medaco<br>Medex ,05                | 6 13<br>185 11<br>20 23<br>25 9               | 1212<br>131 1078<br>132 2338<br>133 2338                                 | 13 – 14<br>107 <sub>8</sub> – 3 <sub>8</sub><br>233 <sub>5</sub> – 1 <sub>8</sub><br>83 <sub>4</sub>   | Oceane   | s<br>1.08                       | 40 25<br>104 16<br>250 17<br>396 45            |
| GamaB 10 7 10% 10½ 10% 10% 10% 10% 10% 10% 10% 10% 10% 10%  | frituse<br>InMobil<br>IntResh .36<br>IRIS                       | 579 1814<br>45 8<br>25 7<br>460 16-1                                | 18 18<br>73, 73,<br>64, 63,<br>1613-1615-16   | -14   | MedCre<br>MedClSi<br>MedShp<br>MedGGI                            | 40 5<br>153 1                                 | 8 54<br>14 103<br>18 23  | 516 + Կր<br>11Կ + Եր<br>231ց + Կր<br>61ց – Ա   | Oglbsy<br>Obloca<br>OliDri<br>Oligear            | 2.16<br>2.80                    | 3 31<br>167 59<br>45 19<br>6 27                |
| GenCer 10e 11 27 2812 2812 - 12<br>GenPhys 10 1034 1034 1034 - 12<br>GnShal 75r 6 1512 1514 1514<br>Genatic 51 2 17g 2 - 1s   | IT Cap s<br>int Total<br>IntPip g 1.60<br>Interm .20            | 74 22½<br>68 7½   | 2214 2214<br>67 <sub>8</sub> 7<br>30 30   | +14<br>-14<br>+2  | Madpl 6<br>Mentor<br>MentG<br>MercBc 1.92                        | 27 25<br>346 18<br>1045 25                    | At 25 <sup>3</sup> 2 2<br>An 181∎<br>St. 240 2                           | 251 <sub>2</sub> - 1 <sub>2</sub><br>181 <sub>8</sub> - 1 <sub>2</sub><br>261 <sub>2</sub> - 1 <sub>2</sub><br>371 <sub>8</sub> - 1 <sub>8</sub> | OldKnt   | 2.08<br>049 2.40                | 72 30<br>312 33<br>273 26                      |
| Genesi. 22 41, 37, 41, +3, 6enesis 751 8 71, 77, +1, 6enex 188 43, 40, 40, 40, 40, 40, 41, 41, 41, 41, 41, 41, 41, 41, 41, 41   | Invere .01e<br>InveSL .06e<br>Iomega<br>IveaSoU 3.60            |   | 51 <sub>2</sub> 53 <sub>4</sub> 50 <sub>4</sub>   | +14<br>-15<br>-18                                       | MeruSk 1,68<br>MerSCa<br>MerSPa 1,70<br>MerchN 1,20              | 25 51   | Fig 51 1<br>1 51 1<br>12 4414  | 511, -1,<br>63,<br>441,<br>53  | OidS<br>OneBop<br>OnLine                         | pfC 2.80                        | 7 21<br>153 16<br>68 7                         |
| Genova 109 3 5% 5% 5% -%<br>GeF8k 59 14 13% 13% -%<br>GerMd s .08 105 7% 7% 7%  | isomdx<br>itel  | 4 1074<br>131 8<br>1 1  | 7% 8  | +18   | MrdBc s<br>MeriB s<br>Merimc                                     | x24 32<br>62 15<br>1 15                       | 54 324 1<br>54 151 <sub>2</sub><br>15                                    | 824<br>155 - 14<br>15 + 15   | Onyx<br>OpticC<br>OpticR<br>Optric<br>Ortsenc    | <b>s</b>                        | 543 21,<br>464 14<br>326 42<br>17 15           |
| Glass a .24 3070 2059 20 20 -12<br>Godfry s .52 23 1712 17 1712<br>GldCorr .63e 38 13 1212 13   | JSRst n .16<br>JG<br>JP ind<br>Jacksot t                        | 75 1315<br>27 64<br>72 1734<br>768 74                               | 641 641<br>171 171  | -1 <sub>6</sub><br>-1 <sub>6</sub> :<br>+3 <sub>8</sub> | MeryG 5<br>MeryLd t<br>MesbAv<br>Metrbo .10r                     | 9 35<br>9 12                                  | 3, 161,<br>1, 134<br>31, 117,  | 141ց + 1ց<br>Տել<br>121ց + 1ց  | Orbenc<br>Orbit<br>Oregilit<br>OrigCp            | 2.50e                           | 54 18<br>223 67<br>134 84<br>56 54             |
| GoldE s .24 1 2014 2014 2014 -1a<br>GdTaco 51 7g 7g 7g<br>Gottass 158 147g 141g 1414 -1g<br>Gott 24 1514 13 1514 +1g  | JacidJie<br>Jachsn .50<br>JamWar<br>JeffrGo                     | 348 33 <sup>3</sup> 4<br>23 30<br>47 181 <sub>2</sub>               | 331 <sub>2</sub> 333 <sub>4</sub><br>291 <sub>4</sub> 293 <sub>6</sub><br>171 <sub>2</sub> 171 <sub>2</sub> | +14<br>-15<br>+15                                       | MetAir 8<br>MetrFn .60b<br>Metrmi<br>MichStr                     | 13 15   | 4 175  | 151g + 1g<br>143g - 1g<br>173g + 1g<br>51g   | OrionR<br>Oshma<br>Osmac<br>OtarTP               | .20<br>2.76                     | 90 176<br>33 16<br>5 16<br>120 30              |
| GouldP  | JeffSeh 1.60<br>JeffNL s .44<br>JefSmrt .40a                    | 15 40<br>17 221 <sub>2</sub><br>17 181 <sub>2</sub>                 | 194 1912  | -1<br>-1<br>+4  | Micom<br>MicrD<br>MicrMk<br>Micrdy .06                           | 1007 16<br>57 37<br>109 7                     | 1434<br>8 37<br>8 61   | 1514 - 34<br>334 - 15<br>715 - 15<br>814   | OvrEsp<br>OwenM<br>Oxoco                         | .40                             | 2 12<br>647 28<br>1057 11                      |
| Graphi 18 141, 141, 141, 141, 141, 141, 141, 1  | JefMart Jerico .12 JitasaE JoneV s 10e                          | 302 7<br>2 1183 2114<br>114 5<br>6 45                               | 43 <sub>4</sub> 5<br>45 <sub>8</sub> 45 <sub>8</sub>  | +1g<br>+14<br>-14<br>+3-16                              | Microp   | 62 63<br>1487 77<br>53 7<br>319 21<br>32 34   | 67, (  | 734<br>678 – 14<br>215<br>316<br>514 – 14  | PLM<br>PNC<br>PT                                 | 23                              | .P<br>12 7<br>2116 58<br>5601 11               |
| GULKFO .05e 83 121, 12 12<br>GWFSS .48r 30 211, 203, 203,<br>GSOFO 54 11 104, 11  | Jonichi t<br>Jonei A t<br>Josphan<br>Judys 1:                   | 142 74<br>194 74<br>75 91<br>2 5 53                                 | 67 <sub>8</sub> 7<br>87 <sub>8</sub> 9  | - 1g<br>+ 1g  | MicrSm<br>MicrFit<br>MidABc .58                                  | 148 61<br>67 41<br>9 20                       | 4<br>14 201  | 4  | Paccer<br>PacFst<br>PcGaR<br>PacTel              | 1.20a<br>1<br>.80               | 48 46<br>50 11<br>86 22<br>99 12               |
| Green 50e 1 85 85 65<br>Green 1410 247 221, 233 + 11,<br>Green 3.48 1 182 182 182<br>Gromen 16 135 1312 1312  | Justin .40  | KK  | 194, 201 <sub>4</sub><br>(  | +12   | MdANti 1.20e<br>MdPcA<br>MdStFd .40<br>MdsxW = 1.50              | 575 31<br>1 19<br>5 29                        | 19   | 314 + 14<br>19<br>25 - 1 <sub>2</sub>  | Pacwst<br>Pacwst<br>PacoPh<br>PageA              | .129                            | 16 65<br>20 17<br>70 13<br>794 2               |
| GwthFd 110 5% 5% 5%<br>Glech 110 13% 13 1348 +16<br>GuerFn 10 8 8 8 +14<br>GuerNt 90 6% 6% 6% 612   | KLA S<br>KMW Sy<br>KTron<br>KV Phr                              | 1 11<br>38 43,<br>12 61   | 161 <sub>2</sub> 17<br>11 11<br>41 <sub>2</sub> 45 <sub>3</sub><br>63 <sub>4</sub> 63 <sub>4</sub>          | + %<br>- 18<br>+ 14                                     | MidBk 1.12<br>MdwAir<br>MdwFis 1.20<br>MillHr .60                | 374 37<br>225 57<br>2 17<br>1080 37           | 654 17<br>36 37 8 3  | 57 <sub>6</sub><br>17<br>371 <sub>8</sub>  | Pantch<br>Penckix<br>Panspir                     | .13                             | 5 34<br>408 81<br>62 20                        |
| GuerdP  | Kaman ,56<br>Kamnst<br>Kappa<br>Karchr                          | 122 3134<br>1428 3<br>3 5<br>507 161a                               | 2% 2½<br>5 5  | -iz<br>-iz  | Millipr .44<br>Miltope<br>Ministr<br>Minetrik                    |   | 16b e  | 415g - 1g<br>1612g + 12<br>23g - 1g<br>91g + 1g  | ParPh<br>ParTch<br>Parisan<br>ParkOh             | s<br>.60                        | 282 20<br>46 17<br>221 15<br>107 14            |
| Giffec 921 151 <sub>4</sub> 151 <sub>8</sub> 151 <sub>8</sub> Giffec 20 13 <sub>6</sub> 13 <sub>6</sub> 13 <sub>6</sub> -1-14 Guil .05640 121 <sub>4</sub> 12 121 <sub>4</sub> + 1 <sub>4</sub> | Kaster ,50r   | 127 16½<br>30 9<br>96 24<br>78 7-16                                 | 161, 1612<br>81, 9<br>26, 25,   | -12<br>+14<br>-14                                       | Minstar<br>MGesk .01e<br>MobIC A<br>MobIC B                      | 93 23<br>63 11<br>90 10                       | 12 23 1<br>13 111<br>15 10   | 2314 - 16<br>1119 - 14<br>1614 + 14<br>1059 + 16   | Pariex<br>PasFdA<br>Patritid<br>Patritid         | .05e                            | 3 12<br>1 12<br>50 51,<br>251 10               |
| H H<br>HBO 20638 22 <sup>2</sup> 2 21 <sup>3</sup> 2 21 <sup>7</sup> 5 +3 <sub>5</sub><br>HCW 1052 6 53, 6 + 1,<br>HEI Tx 24 135, 135, 135, -15   | KellyS A .64<br>KellyS B .52<br>Kemp 1.80                       | 238 41½<br>70 43%   | 40 4112   | +1<br>-21 <sub>2</sub><br>-3 <sub>3</sub>               | MobGes .96<br>MOCON .05e<br>Modice s .88                         | 2 15<br>44 69<br>36 17                        | 4 134 1<br>4 65 (  | 134;<br>61 <sub>2</sub> — 1 <sub>8</sub><br>174;   | Petrt<br>Paulitr<br>Paulitr<br>Paulitr<br>Paudon | pf 2.20<br>.es                  | 1 37<br>191 22<br>64 12<br>2 18                |
| HE  Min   21   512   512   512   1<br>  HMO Am   13   1212   1212   -18<br>  Haber   40   1912   1913   -18   | Kencop<br>Kengin<br>KyCnLI _90<br>Kevex                         | 25 101 <sub>4</sub><br>43 411 <sub>2</sub><br>1 61 <sub>2</sub>     | 4114 4114   | -12   | Molecir<br>Molex .03<br>MonCs 1.40<br>Moncor                     | 58 21   | 414  | 714 - 14<br>3234 + 114<br>4214 + 34<br>215 - 18<br>1734  | PayN<br>Paychx<br>Payco<br>PeakHC                | •                               | 2 23<br>13 13<br>74 18                         |
| Hadson 147 27 2 13-85<br>Halitex .04e 12 51 51 51 - 1<br>HamOti .10 27 161 16 161 + 1   | Kevilis<br>Kevn8 s .44<br>Keylim<br>KeysFn 1                    | 1 612<br>208 54<br>x25 133<br>155 73<br>4 221s                      | 79g 79g   | -14<br>-14<br>+14                                       | MonAnt<br>MonAnt<br>Monolit<br>MonuC 1.30                        | 29 9<br>1045 11<br>81 32                      | 84<br>4 187<br>1 317   | 824. – 4<br>1114. – 34<br>3214.  | Peggid<br>PennVa                                 | .081                            | 3116 16<br>308 22<br>139 91<br>15 48           |
| HamvCo 13 12 '11 11<br>HamvGo .56 25 44 43***2 43**2 -1**2<br>HamvG .34 12 30**4 29**4 29**4<br>Hrifith 1.50 280 31**3 31**4 31**3 +1**3<br>Hrifith 2 1.50 6 45**4 45**4 45**4 -1**2            | Kimbrk<br>  Kinder s .06<br>  KingWid<br>  KlosVd               | 7 5<br>1688 2094<br>217 281 <sub>2</sub><br>34 51 <sub>4</sub>      | 5 5<br>197 <sub>2</sub> 197 <sub>8</sub>  | -14<br>+114<br>-18                                      | MooreF 1,20b<br>MooreP .88<br>MorFlo .01<br>MorKg .13e           | 67 26<br>6 26<br>3 18                         | 14 254 1<br>14 234 1<br>18 177   | 26 - 19<br>2414 - 14<br>1814 + 14  | Penbop<br>PenaEn<br>Pentar<br>Penwat             | 2.20 <sup>2</sup><br>s .66      | 6 50<br>101 33<br>82 24<br>8 10                |
| HrtiSt 2 1.80 6 45½ 45½ 45½ 45½ - ½ Harvin 8 85 18½ 18½ 18½ - ½ Hathw 8 20 9½ 9½ 9½ - ½ Hauser .40e 12 16½ 15½ 15½  | Kreistr   | 1 7½<br>1655 7¼<br>322 16%<br>695 13%                               | 712 712<br>64 64<br>1614 1614   | -4<br>+4  | MCSB<br>Morran .48<br>Maseley                                    | 34 13<br>50 27<br>83 19<br>394 37             | 7 <sub>2</sub> 27 2<br>N <sub>4</sub> 191 <sub>2</sub> 1                 | 13<br>27 -1<br>195 <sub>1</sub><br>34<br>12 <sup>7</sup> 5 -4  | PeopEx<br>PeoE<br>PeoBnC                         | pt 2.84<br>pt8 2.50             | 1338 11<br>81 19<br>31 30<br>2 36              |
| Hevrity .52 203 204 20 20 -14<br>Hewrits .28 40 95 95 96<br>Himids s .78 ,324 112 115 -14 1<br>Himids .34 .48 35 85 85 1  | KustEl<br>Kertinis<br>LDBmk (45)                                | 188 64<br>1875<br>1875  | 6% 6%<br>37 1 110 120 120<br>37 16 147 14 15  | +1  | Mosinee 36<br>MotClb 20<br>Mueller 170<br>Multisk s 64           | 23 14<br>3 24                                 | 14 131 <sub>2</sub><br>8 2014 1<br>231 <sub>2</sub> 2                    | 1414 — 14<br>2004 — 14<br>24   | PeopB<br>PeopRt<br>Parcept<br>PerpA              | s .52                           | 1 17<br>505 5<br>65 7<br>288                   |
| Hindyn 34 i d 85 85 45 41 18 18 18 18 18 18 18 18 18 18 18 18 18  | LSI Log<br>LSI Log<br>LSI Log                                   | 44 18 <sup>1</sup> 2<br>78 18 <sup>1</sup> 8<br>1003 13<br>2172 124 | 18% 18% 1<br>124 12%  | + 19<br>- 19<br>- 34                                    | Multand .56<br>Mylan s   | 72 57<br>1267 28                              | 12 57 4 5<br>78 2312 3<br>N  | 574<br>2394 +14.   | PersCpt<br>Petind<br>PETCO                       |                                 | 36 174<br>11 44<br>31 34<br>57 29              |
| Hefix   | LaPete s<br>LaZ By 1.40<br>LacidSt 25e<br>LadFm .12s            | 561 15%<br>12 44%<br>20 19%   | 143, 153,<br>44 44<br>191, 191,   | +14   | NMS  | 11 64<br>r62 20<br>417 44                     | 6 6<br>20% 2   | 명 + 1g<br>2016   | Petrite<br>Phrnact<br>Phrnacia<br>Phrnakt        | 1.12<br>.06e                    | 4497 73 <sub>2</sub><br>396 16                 |
| Hickami 106 104 104 14<br>HghPlO 9 4 34 4 +14<br>HighISu 1566 204 194 20 +4   | Laidiw .16<br>LaiT Bs .1<br>LamPs                               | 1270 164<br>6 5797 97<br>76 95                                      | 914 978<br>918 918  | -s,   | Napcol 105<br>Napco 3<br>Nath t<br>NBnTex 84                     | 52 12<br>23 35<br>50 21                       | % 121₄1<br>33√3<br>4,211₄2   | 15% + %<br>12%<br>13% - %<br>13% + %   | Phrm<br>PSFS<br>PhiliGi<br>PhnxAm                | w;<br>.05e<br>.50e              | 262 47<br>93 87<br>7852 10<br>5695 16<br>28 37 |
| Hogen 520 45 44 45 +15 HolmD 1 15 249 243 244 +14 HmBF1 88 17 2814 29 2814 +14 HmFF1 249 1234 1212 1212   | Lama⊺ .80<br>Lancast .88<br>Lance s .92<br>LdLnSL .32           | 10 10   | 1614 1612<br>2914 2912<br>10 10   | 12.4  | NICapit ,30e<br>NCtyBo 1,40t<br>NBCty 2<br>NBCty pl 8,70         | 6 45<br>7 13<br>42 45<br>57 47                | 4 184 1<br>4 184 1   | Fig - ig<br> 334 <br> 514 + ig<br> 7 + iq  | PhotoC<br>Physin<br>PicSav<br>PicCafe            | .06j<br>.60                     | 44 83 <sub>1</sub><br>16 51 <sub>4</sub>       |
| HmFFR .50r 11 123, 125, 125, -1, HmFAz 104 191, 191, 191, 191, -1, Hmeck 42 84 87 87 -1, Hmeck 109 251, 25 25   | LndBF .60<br>LdmkS<br>LaneCo .92<br>Langly .25e<br>Larsen .72   | 847 17%<br>31 14%<br>12 50<br>52 7%                                 | 175 175<br>14 145<br>50 50<br>71 75<br>381 407  | +%<br>+%<br>+%  | NCmBc .68<br>NCptr s .20<br>NDsta .44<br>NHshC .37e              | 2 28<br>177 18<br>270 11<br>247 33            | 1, 251, 2<br>1, 171, 1   | 254 35<br>1775 36<br>125<br>15 + 14  | PledBc<br>PledMg<br>PlonG                        | 36<br>30<br>22                  | 515 23<br>2 25<br>27 15<br>8 20<br>104 34      |
| Honland .56 98 21 205, 205, — 1, Honland .56 98 21 205, 205, — 1, Honover HrznAt 275 83, 69, 69 + 1, Horzind 16 37, 37, 37, + 1, HwENU .56 239, 227, 231, 231,                                  | Larsen .72<br>Lawan s .28<br>LeeDta<br>Lainer                   | 40 41<br>12 271<br>265 5%<br>14 11                                  | 715 75<br>3812 4012<br>285, 2712<br>514 514<br>105, 105,  | ‡{  | Nt HMO<br>NtLumb<br>NMicro<br>NtPenn 1.08                        | \$5 63,<br>187 54<br>422 4<br>2 31            | 63 <sub>1</sub> 6<br>5 5<br>33 <sub>4</sub> 3                            | A −14<br>By +4<br>By −3-16   |  | 12<br>.64                       | 144 65g<br>73 85<br>37 311                     |
| HwndB 1.12m 1 221 <sub>2</sub> 221 <sub>2</sub> 221 <sub>2</sub><br>HungTg 13 5 47 <sub>8</sub> 5   | LewisP .28b<br>Lexicon<br>Lexida<br>LbiFGa                      | 19 64<br>2518 3<br>61 25<br>84 214                                  |   | –ել I<br>16-3-16<br>+ել (<br>+ել (                      | NtiPza<br>NSecins .50b<br>NTech t                                | 4 91-<br>1 14                                 | 914 9<br>19 14 9 1   | ile<br>idig<br>Pa  | Plenum<br>PoFolk<br>PlcyMg<br>PonceF             | .so<br>.25r                     | 22 40 <sup>1</sup><br>69 94<br>173 25<br>3 10  |
| HintgRs 21 111 161 111 + 1<br>HuntgB 1.68 x26 451 445 445 - 3<br>Hunco 88 412 4 412   | ListyH &<br>ListyH &<br>Liebrm<br>Liebrt .07                    | 11 104<br>1 104<br>29 264<br>38 194                                 | 101, 103,<br>101, 101,<br>263, 253,<br>183, 183,  | +12   | NetrBly<br>NatrBly<br>Naugle<br>NelsnT .20                       | 56 15<br>84 35<br>103 47<br>40 7              | 312 3<br>434 4   | 554<br>152 - 19<br>154 - 19  | Porex<br>Powell<br>Powric<br>PwCoov              |                                 | 55 231<br>80 35<br>18 11<br>10 8%              |
| Hybrito 437 23 2214 2224<br>HydeAt 53 55 55 55 + 16<br>Hypenix 238 754 714 715 - 16<br>HytekM 11 72 73 73 - 1   | LieCom<br>Lilly A s .38<br>LilyTui .30                          | 20 6%<br>x17 1414<br>689 19   | 51 <sub>2</sub> 53 <sub>4</sub><br>183 <sub>4</sub> 183 <sub>4</sub><br>183 <sub>8</sub> 183 <sub>8</sub>   | +6  | -Neison<br>Nwisec<br>Nwis 2<br>Nwiei                             | 101 84<br>1371 87<br>1408 22<br>2 43<br>45 30 | 8 8<br>  85, 8<br>  211, 2<br>  41, 4<br>  291, 2                        | [կ<br> 2 կ + կ<br> 2 կ + կ<br> 2 կ - կ   | Pratt<br>PrecCst<br>PtdFncl<br>PtdRsk            | .12<br>,82                      | 240 314<br>157 311<br>5 679<br>2 311           |
|   | LinBrd<br>LincTel 2.20<br>LinerCp<br>LizCla a .35               | 1845 304<br>48 334<br>30 54<br>2035 48                              | 304 30%<br>32% 33<br>51, 51,<br>45% 474   | +12   | Neutro &<br>NevNBc<br>NBrunS<br>NE Bus .52                       | 19 5\text{5} 218 10 243 26                    | 47 <sub>8</sub> 4<br>4 95 <sub>1</sub> 1<br>4 26 2                       | Pg<br>10% +1;<br>894 +14   | Pridicav<br>PrpdLg<br>PresLi<br>PrstoCo          | .08                             | 40 7<br>25 5%<br>171 211<br>143 143            |
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| LC 241 10 95 96 -5 18 18 18 18 19 19 19 19 19 18 18 18 18 18 19 18 18 18 18 18 18 18 18 18 18 18 18 18  | Lynden<br>Lypho a<br>MARC                                       | 5 25%<br>677 22%<br>M M<br>25 19                                    | 254 254<br>20% 21%<br>18 185  | +84   | NY A let<br>NeCtry 1.10<br>Newpt .05                             | 28 17<br>60 12                                | 61 61 6<br>16 3-16 3<br>1 17 1<br>1 12 1<br>1 221 <sub>2</sub> 2         | 7% +% 1<br> Zi   | Priretor<br>Prodigy<br>ProdOp<br>Profiny         |                                 | 96 54<br>76 111<br>4 4½<br>114 54<br>7 54      |
| NEW YORK-00W JONES  |   |   |   | di  | ices   |   |  | -  |  |                                 |  |
|   | May May 28 19   | 1985<br>gh Low  | Since Campi   |   |  |   |  |  | ,,,,, i  | <b>9</b> 4~~                    |  |
| ▎ <del>▗▀▀▀▞▎▀▞▀▐▀▀▞</del>  | 82.98 1.381.52 131  | 5.41 1184.99  | 1315.41 41  | 1.22<br>1/32  | AUSTRALIA<br>All cont (1/1/09)                                   |   | <del>  •</del>   | 34me   | May<br>31<br>878,5                               | 974,8                           | High<br>984,5 (20                              |
|   |   | /34   HV11  | 21/5/85) (8/  | 132<br>7/32)  | All ord.(1/1/89)<br>Metals & Minis<br>AUSTRIA<br>Credit Aktien ( |   | 518.6  | 555.7  | 567,8<br>58,45                                   | 588,8                           | 38-,5 (20)<br>565,8 (20)<br>38,17 (4)6         |
|   | 162.19   162.29   164<br>(17<br>18.50   90.80                   |   | 164.75 11<br> 17/5/85 128/  | 9.5<br>14/42 <br>                                       | BELGIUM<br>Brussels SE (1/                                       |   | -  | 7 2575.84  | 2554.78  |                                 |  |
| Ind Div Yield % 4.70  | May 17 #  | ey 10 Y   | fear Age (Appn<br>5.87  | <u>-</u>  | DENMARK<br>Copenhagen S<br>FRANCE                                | É (6/1/65)                                    | 191,42   | 190.95   | ^  | 150,87                          |  |
| STANDARD AND POORS  | 1 1   | 1985  | Since Compi   |   | GAC General (8) ind Tendance                                     | 1) (2/62)<br>(28) 12/84)                      | 252.6<br>154.0   | 282.5<br>129.9   | 255.1<br>150.4                                   | 252,6<br>140.1                  | 255,1 (51)<br>189,4 (61                        |
| Juma Juma May May M<br>4 3 31 30 2  | ay May —————————————————————————————————                        |   | fligh (   | ·   | FAZ Aktien (81)  | 12/58)  | 457.78   | 461.95<br>1365.0   |  | 450,95<br>1321,5 .              | 467,95 (8<br>1856,0 (8                         |

| •   | June              | June              | May<br>31         | May<br>30          | . High                           | )<br>86<br>Low                 |
|---|-------------------|-------------------|-------------------|--------------------|----------------------------------|--------------------------------|
| AUSTRALIA<br>Ali ord.(1/1/88)<br>Metals & Minis. (1/1/88)     |                   | 872.8<br>535.7    | 878.5<br>587.8    | 674,8<br>588,8     | 984,5 (20/5)<br>565,8 (20/6)     | 715,3 (7/1)<br>362,3 (7/1)     |
| AUSTRIA<br>Credit Aktien (\$/1/62)                            | 89.17             | 98,67             | \$2,45            |                    | : 39.17 (4/6)                    | 85,21 (24/1                    |
| BELGIUM<br>Brussels SE (1/1/68)                               | , 2571.17         | 2575.84           | 2554,78           | 2549,51            | 2575,84 (5/8)                    | 2080.7 (18/1)                  |
| DENMARK<br>Copenhagen SE (5/1/55)                             | 197,42            | 190.99            | : -               | 150,87             | 196,84 (24/5)                    | 158.44 (8/1)                   |
| FRANCE<br>CAC General (81/12/69)<br>Ind Tendance (23/12/84)   | 252.6<br>154,0    | 282.5<br>129.9    | 288.1<br>188.4    | 287.6<br>180.1     | 255.1 (\$1/6)<br>180.4 (\$1/5)   |                                |
| GERMANY<br>FAZ Aktien (81/12/68)<br>Commerzbank (1/12/68)     | 457.78<br>1644,2  | 461,95<br>1365,0  | 459.29<br>1645,7  | 450,95<br>1321,5   | 467,95 (5/8)<br>1856,0 (5/6)     | 382.39 (5/1)<br>1111,8 (3/1)   |
| HONG KONG<br>Hang Seng Bank(61/7/64)                          | 1845.85           | 1941,25           | 1618.87           | 1921,86            | 1847.88 (17/6                    | 1229,74 (2/1)                  |
| ITALY<br>Banca Comm Ital (1972)                               | 502.77            | 563,22            | 597.87            | 21 L.16            | -629.01 (26 <sub>5</sub> 5)      | 228.56 (2/1)                   |
| JAPAX***<br>Nikkei-Dow (18(6/45)<br>Tokyo SE New (4/1/68)     | 12585.2<br>991.17 | 12478.4           | 19758.4<br>397.96 | 12790,5<br>1000,07 | 12790,5 (30,5)<br>1086,86 (22,5) | ) 1546,2 (5/1)<br>916,85 (4/1) |
| NETHERLANDS<br>ANP-CSS General (1970)<br>NP-CBS Indust (1970) | 212.5<br>174.6    | 272.1<br>174.0    | 217.4<br>172.5    |                    | 215.8 (8/5)<br>174.8 (4/8)       | 185.8 (5/1)<br>147.9 (5/1)     |
| NORWAY<br>Oslo SE (4/1/88)                                    | 343.87            | 345,87            | 343,02            | ā58,95             | 846,87 (816)                     | 288.18 (2/1)                   |
| SINGAPORE<br>Straits Times (1966)                             | 889.15            | (c)               | 812.41            | 817,16             | 852,85 (7;8)                     | 764,38. (18/1                  |
| SOUTH AFRICA<br>JSE Gold (28:9)78)<br>JSE Indust (28/8/78)    | =                 | 1057.1<br>  968.6 | (a)<br>j (a)      |                    | 1148.8 (15/4)<br>978.8 (24/6)    |                                |
| SPAIN<br>Madrid SE (25/12/64)                                 | 110,69            | 110.25            | 185,59            | 169.75             | 117.41 (4/2)                     | (81,48 (2/1)                   |
| SWEDEN<br>Jacobson & P (11/56)                                | 1847.00           | 1568,85           | 1872.98           | 1879,26            | 1488.55 (11/2)                   | 1547 .66 (4)6)                 |
| SWITZERLAND<br>SwissBank Con.(81/19/68)                       | 485,8             | 435.5             | 482.5             | 452,7              | 485,8 (24/5) .                   | <b>298.</b> 7 (&/1)            |
| WORLD<br>Capital Intl. (1/1/70)                               | _                 | 218.4             | <b>9</b> 12,5     | 211,5              | 216.4 (\$/6)                     | 784,6 (4/1)                    |

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## FT COMMERCIAL LAW REPORTS

# Lien on sub-freight is a registrable charge

RE WELSH IRISH FERRIES LTD Chancery Division (Companies Court): Mr Justice Nourse: May 23 1985

A SHIPOWNER'S tien on subfreights due to a corporate charterer is registrable with the registrar of companies as a charge on book debts; and in

simmany Junes.

the absence of registration subsequent registered charges on book debts take priority over the Hen, Mr Justice Nourse so held when giving judgment in favour of Lloyds Bank plc, one of two respondents to an application for directors.

respondents to an application for directions made by receivers of property charged to the bank by the company, Welsh Irish Ferries Ltd, under a debenture. The other respondent was Ugland Management Co A/S of Grimstad, a Nouvegian company, owner of the Ugland Trailer.

all sub-freights for any amounts due under this charter ... "The charterparty was not registered under section 95 of the Com-panies Act 1948.

book debts. The debenture was registered under section 55.

During the company's operation of the Ugland Trailer there were no bills of lading and therefore no contracts between the shippers and the owners. The owners' right to payment of freight existed only under their lien on sub-freights.

On June 30 1983, only two payments having been made, the owners terminated the charter and required all known shippers

to them: On July 5 the bank, in exercise of its powers under the debenture, appointed receivers and managers of the charged property. On November the court ordered that the company be compulsorily wound up. A liquidator was appointed.

only be enforced by shipowners to that the debtor company before the shipper had made that changed its assets—anyone who dealt with a corporate charter would know that it must the court ordered that the inability to mitted that the inability to follow demonstrated that the lieu oave shipowners no property.

The Companies Court, no less that the debtor company who dealt with a corporate charterer. It the debtor company who dealt with a corporate charterer would know that it must tere would know that i

The receivers collected substantial sums from the shippers in respect of freights. They were doubtful as to whether they doubtful as to whether they should pay them to the owners on the footing that their lien took priority over the bank's fixed charge on book debts, or whether they should pay them to the bank on the footing that it did not.

They accordingly applied for directions under section 369 (1) of the 1948 Act. The contest was between the owners and the bank.

stad, a Norwegian company, owner of the Ugiand Trailer.

Section 95 of the Companies Act 1948.

Section 95 of the Companies of the 1948 Act. The contest was between the owners and the between the owners and the liquidator and any creditor of the company, unless ... particulars of the charge ... are ... are received by the registrar of companies for registration ... within 21 days after the date of its creation ... (2) This section applies to the following charges: ... (2) a charge on book debts of the company used to operate a ferry service between Barry and Cork.

On March 23 1983 Norwegian the Ugiand Trailer to the company under a time charter in the New York Produce Exchange (Nype) form. The rate of hire was 53,475 per day payable semimonthly in advance.

Clause 18 of the Charter provided that "the owners shall have a lien on all cargoes and all sub-freights for any amounts due under this charter ... "The charterparty was not registered under section 95 of the Companies Act 1948.

\*\*Then it must be asked what\*\*

It was agreed that the sub-freights was provided that the sub-freights was provided that the sub-freight was not registrated to the contrave, he held that the size of the charter provided that "the owners shall be accounted the charter ... The charterer. The charterer. The charterer. The charterer ... The charterer ... The charterer ... The charterer ... The charterer of an express contract. It is effect was not registrated that the sub-freight sub-freights under section 36 of the charter provided that "the owners shall be a single provided that the owners shall be a chose in action against the shippers of money owed by him to the charterer. The charterer ... The charterer ... The charterer of the shipper of money owed by him to the charter ... The charterer of the shipper of money owed by the shippers. It could only be acquired by the shippers of money owed by the shipper of money owed by the shipper of money o

By a debenture dated May 4
1983 made between the company and Lloyds Bank, a fixed charge was created on all the company's book debts. The debenture was was treated was owed by the charterer

lien gave shipowners no pro-prietary right in the sub-freight, with the result that an essential element of a charge was missing.

That submission proceeded on a confusion between the nature of the right and the event which of the right and the event which defeated it. The reason the ship-owner could not follow into the hands of the charterer was because it was the very event of payment to him which defeated the right. The assignment was defeasible in that event, but until defeated it was nonetheless an assignment by way of security.

case of a shipowner's lien on sub-freights.

He supported that submission with the point, inter alia that the present Nype form had been in use since 1913 and until recently the right had always been described as a lien and not as an equitable charge. No authority or text book had suggested it was required to be registered. it was required to be registered under section 95. Also registration would be quite imposerticable, since charterparties were negotiated by shipbrokers and

rinally, he said, there would freights.

\*

| Finally, he said, there would be no useful purpose an registration, the whole object of which was to warn unsuspecting credi-

than the Commercial Court, was most reluctant to disturb settled commercial practices, especially when it might lead to great practical difficulties while serving no useful purpose.

But it could only cut down the

But it could only cut down the effect of general words in an Act of Parliament if it was clear that they were not intended to apply to the particular case. That test was not satisfied in the present case. To accede to Mr Millett's arguments would be an excess of the judicial function. It was held, therefore, that the lien fell within section 95 and that the bank was entitled to succeed.

For the bank: David Oliver (Richards Butler and Co.). For the owners: Peter Millett QC and Dominic Kendrick (Sinclair Roche and Temperley). By Rachel Davies

Correction

In Bremerhandelsgesellschaft v Ets Soules, FT June 4 1985 the final sentence of the judgment should read "The appeal should be dismissed."

#### RESIDENT ABROAD

Resident Abroad, published by Financial Times Business Infor-mation, is Britain's monthly magazine for people living or working overseas. It informs and advises on all aspects of finance and business, with articles on UK and foreign

investment, property, pensions, taxation and insurance. It entertains and informs on matters of health, education, travel and leisure — all of this every month.
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on 01-405 6969 or telex 883694 ICLDN G

### CONTRACTS

## Complete water works

Babcock International company, has won a £2.5m contract from has won a £2.5m contract from Severn-Trent Water Authority, Avon division, for the turnkey development of a green field site at Draycote as a complete water treatment works. Design capacity of the works is 15 MI/d with provision for future extensions up to 30 MI/d. The plant is to supplement existing supplies in. development of a green field site at Draycote as a complete water associated mechanical equipment of the works is 15 M1/d with provision for future extensions up to 30 M1/d. The plant is to supplement existing supplies initially to Rugby and later to Coventry.

An order for 22 pumpsets and associated mechanical equipment of the works is 15 M1/d with provision for future extensions up to 30 M1/d. The plant is to supplement existing supplies initially to Rugby and later to Coventry.

coRP has received as order your storm of an hydraulically-driven type recently developed by Weir ENSIDESA (Empresa Nacional Pumps have been ordered for an Siderurgica, S.A.) of Aviles, of Spain, for the electrical and control systems portion of a steel mill modernisation project. Westinghouse received the order as part of a consortium formed with Mannesmann-Demag-Sack of Duesseldorf and Sidernaval of Bilbao, Spain, to renovate the rougher area of a 68-inch semicontinuous hot strip mill. West rougher area of a 68-inch semi-continuous hot strip mill. West-inghouse will serve as prime contractor for the roughers' electrical system, including en-gineering, automation, motor drive control equipment, instal-lation, training, and startup ser-vices.

BABCOCK POWER construction division has been awarded a multi-million pound order from Balfour Beatty/Fairclough, joint venture main contractors for the Thorp Project for British Nuclear Fuels at Sellafield, Cumbris. Work, spread over three years, includes the underpond membrane and stainless steel cladding. This order, to gether with other recent business won on the site, means that Babcock Power has now secured —see! (9)
18 Way of talking about citade! (7)
19 Call in the field to see the coach (5-2)
21 View of champion in this paper (5)
23 Rigid flex? (5)
24 Policy file (4) cock Power has now secured film of work at Sellafield under the current BNFL programme.

In a contract worth more than \$9m (£7.9m) SPERRY is to supply the Civil Aviation Authority of China, CAAC, with a 1100/74 multi-processor mainframe and the Sperry USAS software package. When the fully configured system is installed in Beijing, a Sperry 1100/74 multi-processor will support a nation-wide communications network of wide communications network of ing CAAC's reservation offices and major airports to the system." The system will use the passenger services and departure control applications of USAS.

SULZER BROS (UK) of Farn-borough has been awarded a £500,000 contract by Miller Con-struction for installing mech-anical, electrical and sanitary anical, electrical and sanitary services at St James. House, a new office development at Bracknell, Berks, for Miller Developments. Heating and air conditioning are to be provided to 3,250 sq metres of offices, served by air handling and chiller plants in the basement and boilers and cooling towers at roof level. Electrical power will be distributed through cable ways under a false floor and air light fittings within the ceiling.
Work is scheduled for completion in January 1986.

Coventry.

\*\*

WESTINGHOUSE ELECTRIC CORP has received as order worth \$10.6m £8.4m) from ENSIDESA (Empress National Arabia. The pumps are for the Haram water transmission project and will augment the supply of water to the Holy City of Mecca. Six downhole pumps of an hydraulically-driven type recently developed by Weir

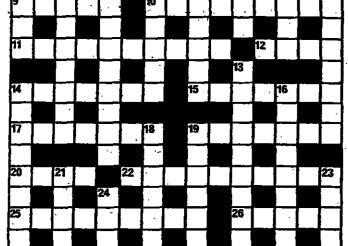
MILES 33 has won a contract to install what it believes to be the most advanced computer system ever developed for solicitors. The £110,000 system has been ordered by Pictons, a seven-strong Hartfordshire solicitors' practice. By the end of the year lateralization. fordshire solicitors' practice. By the end of the year 15 terminals and seven printers, including a laser printer capable of produc-ing up to 10 pages per minute, will provide a comprehensive link between all seven offices. Every major administrative func-tion of the firm will be computer-hased with virtually all initial

from the offshore oil industry. The first contract for a film crane structured, offshore crude oil transfer system, is from NKK Japan. It will be fitted to the production testing ship being built in Japan for Golar Nor Offshore. The system features the revolutionary Hastie Orbital Crane with a slew ring bearing, specially developed for offshore oil applications. The second order also hyvolves the Hastie Orbital Crane design. This £500,000 concrane design. This £500,000 contract \( \) for a pedestal crane for Amoco (UK) Exploration Co., to be used in the Inde Field in the southern section of the North Sea. It will replace existing craneage on Platform 49/18a which has already been on sta-tion for a number of years. The new crane has a capacity of 17 tonnes, at a radius of 10.5 metres.

CONCESSIONNAIRE DES AUTOROUTES DE LA COTE BASQUE ACOBA 7% 1978 1993 UA 16,000.000 7% 1978/1993 UA 15,000,000
On May 22, 1995 Bonds for the amount of UA 1,290,000 have been drawn in the presence of a Notzey Public for redemption on July 10, 1985.
The following Bonds will be redeemsting coupon doe July 10, 1985 and following attacked:
3,345 to 4,542 lock,
Amount outstanding: UA 14,720,000.

## FT UNIT TRUST INFORMATION SERVICE

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| AUTHORIS   | ED  |  |                                      | Brown Shipley & Co. Ltd. (a<br>9 )7 Persyagant Rd, Haymanth Hib<br>B.S. Fund 475   | 0422 1293   | 3-2-2                                    | G. & A. Trest (2) (g)<br>5 Ravingh Raus Bernsusod  |   | 0277 227300  |  |
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| Hope Inc. Equaty   | 78 H<br>154,44<br>142.1                                     | +84  | 153                                  | Buckmaster Management Co.<br>The Stock Exchange, EC2P 2.JT   | . (.td. (2) (c)<br>01/58829                                 | )  | U.S.A.General 49 1<br>Perp. A.General 66 3<br>James A.General 127 2<br>For England Gen. 71 )   | 114 in<br>22 d<br>71 D<br>116 i   | +29 03<br>+29 04<br>+10 10   | Do (Aggert)   105 0 107 6 -85 173<br>Participan   252 91 +0 0 0 0<br>Do (Aggert)   108 1 10 0  |
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| 0.5 Energing Co's55 7<br>Equates Prof 1160 3   | 59.64<br>171.5 <b>4</b>                                     | +05  | 0.44<br>301                          | CS Find Managers Limited   |   |  | Do (Accum.) 35 6<br>Commodity Share 14 8   | 43.6<br>48.6<br>69.04   |  |  |
| Altken Home<br>30, Crty Road, EC1Y ZAY,<br>American Tech Fd 1309 0   | 114 9   | 02-626                                       | 6626                                 | 125 High Hollors, London WCIV 6P1<br>CS Japan Fund   | 19.00<br>19°3. −0.8.0<br>10°3.6511                          | Zó                                       | Employer Treet   | 100 A   | -04 114<br>-04 149<br>-04 149<br>-04 149<br>-05 1050                   | Negle sangerer Act   196.5   1 |
| Spread income Fd124.7<br>Spread Spread1171.7   |   | !  | \$50<br>\$50<br>156                  | Canada Life Unit Trest Mags<br>2-6 High St. Pattern Bar. Herts.  | P (6ar 511  | 122                                      | Gas Trees  | 11931<br>1147<br>174  | 12 054<br>12 054<br>01 197<br>01 010                                   | Local Authoritie-" Motual Invest. Tst." 77, Lonson Wall, ECAN JOB 01-586 1815  |
| South Co's Fol (100 or )   | 1237<br>41.4<br>63.4<br>61.5<br>61.5<br>53.7<br>50.7        | !  | 156                                  | Can Geo Des  | 67, -06 3<br>05 -08 3<br>24 -01 4<br>25 -01 5               | Ú  | High Income To: 103 0<br>Head Kong Tree 29 7   | 107 H<br>54 O<br>30 73  | ᄱᅝ   | Property Food May 32 . 184 90 -0051 8.95<br>Equity Food May 31 528 40 +8 75 1 30<br>Foot los 50 10 May 31 92 55  |
| introductional Income . 50.2<br>Exempt   |   |  |                                      | Carmon Famil Managers Ltd.  1. Olympic Way, Wernbley, HAP ONB.   | (z)   | R74                                      | Income Find 507 Income Find 507 Income Reproduct 19 507 Idea Tryst 508 Idea Tryst 508 Idea Tryst 508 Idea Carrey Tryst 558 Sprud Stat 14 70 b UK Sm. Co. Rec Tryst 485               | 70 6<br>232 6<br>202 6<br>2 | 错器   | Lundon & Manchester (Tst Mgmt) Ltd.  |
| Allied Hambro House, Ha<br>Brentwood.  | 10277) 211  | CHROSE,                                      | Esse:<br>19 <u>123</u>               | Grouth   | 24 -22 3<br>24 -20 6  | 50<br>60<br>81                           | Covett (John) Unit Madt  | Ltd.  | - 1 156<br>621   1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -                   | Greecal To 1945 36.8ml 40.2° 40<br>februar Yest 26.0 200 00.2 65<br>intermatignal Yest 24.3 25.0ml 40.3 1.0  |
| Balanced Trusts First Trust  | 263 1<br>114 9<br>206.7<br>306.24<br>470.5                  | +1.4<br>+0.8<br>+1.5<br>+2.3<br>+2.5         | 189<br>386<br>779                    | Gapel (James) Mogt. Ltd.<br>100, 0td Broad St. ECEN 18Q.   | 01.56960  | - NA                                     | Windretter Hse, 77 Landon Walf, I<br>Covell American Grouph   53 0<br>Covell American Inc.   100 1<br>Covers Cotto & Wo.   10 5<br>Govers Cotto & Wo.   10 5<br>Govers Covers   10 5 | 57 1<br>44.21<br>48.24<br>48.24<br>48.74<br>48.74   | 01:568 5420<br>-02 031<br>-04 569<br>-03 231<br>-04 1.05               | London Law Unit Trust Mingt. 1.td.   |
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| High largest Trust   | 31.8<br>201 f<br>111.2<br>124 fuel<br>29.1 m                | +0.3i  | 140                                  | Cater Affen Unit Tst Manager<br>1, King William St, EC44 7AU.  |   | 1<br>134                                 | Granville Unit Tst Magnet<br>8 Love Laws, EC3 201.   | Ltd   | 01- <del>621</del> 1212  | American & General 1914 2068 +08 216<br>(Account light) 1217 6 227 8 40 9 216<br>American Property 230 3 275 Ind. 415 206  |
| International Trusts   Service   Trust   | 66.1<br>61.2<br>120.7                                       | +0.6<br>+0.9<br>+1.1                         | 1 90<br>0 01<br>1 78<br>1 71<br>1 70 | Cuer Alles Get Tyl 1991 105<br>Cent. Bd. of Fig. of Church (   | 2al +0.5 11.5<br>of England?                                | 54  <br>                                 | Grande Capus   |   | +0.61  | American Smith Co's 148 & 52 0 = 6 4 120<br>(Accomplete) 148 9 52 1 = 60.4 110<br>American (146) 162 5 67 9 1 2 2 2 2 4 1 2 2 2 2 2 2 2 2 2 2 2 2 2  |
| Specialist Treats Auer Value Tot   | 196.0ml<br>196.0ml<br>120.0ml                               | +14  | 쇎                                    | 77 London Wall, EC2N 1DB.  | 01.589 18:<br>-0.05 10.                                     | 25                                       | 416581-2<br>Greene Grand Grands -<br>Greene for  | 100 G   | 1 -  | Commonity 1387 1976 -0 4 256<br>14ccm Units 1 256 0 252 9 -0 5 256<br>Commonity County 1347 1347 -206 156<br>Commonity County 1287 5 273,0 +0 1 265  |
| Smaller Co. T  | 105 4<br>139.4<br>122.34                                    | +0.3<br>+0.3<br>+0.5<br>-0.4<br>-2.0<br>+0.8 |                                      | Charingo Charities N/R Fund:<br>15, Moorgate, London, EC2.   |   | . :                                      | Grefond Managers Limited<br>Paners Hall, 89 Auton Frans, ECI<br>Ground American Tress.   71 2  | ZM ZAE  |  | Compress   153.2   16.2   6.   |
| Exempt Trutts  | 1104  |  |                                      | Page Accum. 153.78   | 1 10  | 3  | Grobert Emety 7-154 - 157 4 Grobert Emety 7-157 - 157 4 Grobert Get Tross  | 74.9d<br>73.8d<br>63.7d<br>52.7d<br>68.1d   | 174<br>179<br>9143   | European 1608   1448 - 0-4 157   14424 |
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| Anthony Winter Unit To<br>19, Weigner St, London E2 71   | HP -  | 01-377                                       |                                      | Chieftain Trust Managers Ltd<br>11, New St., EC2M 4TP.   |   | !  | Royal Euchange, EC3V 3LS.  European  | 1787  | 01-6382020<br>-05 0.91<br>-05 2.63<br>-05 2.63<br>-20 2.98<br>+05 2.53 | Account (Inth)   |
| Weier Gags Fig. 163.8<br>Co. Accord. 165.8   | 63  | :  | 140<br>149                           | American   | 20 454 80   |  |  | 118.5<br>74.24<br>250.7<br>137.9<br>166.5   | 쐚앯   | Thirms (Initial 1975) 1 40 4 1 100 6 1 |
| Artestinet Securities Lt.<br>131, Frestury Pavement, EC2A<br>01-628 9876. 01-628 0901/2  | A JAY.  |  |                                      | High Income 60.7 43 i<br>Jeff Tract 64 b<br>Jeff Growth Tet. 40.3 4<br>Gets & Fined Int 19.2 2<br>Gets Markets Sets 131.2 3<br>Special Strations 37.8 44   | 11 -62  | Z (                                      | Sraid Cov  | 1674<br>}   | •06 158<br>01-628 6050   | Bound General 421 0 449 0m +6 7 0 53   |
| Capital Grouph St.0<br>Carriedity  | 139.4   |  | 温温                                   | Confederation Funds Myt. Ltd   | 14 -D:21<br>1 (a)   |  | Gueld LIK Cap  | 3.3.0<br>26 G   | +03 17%  | Annie Seude Co.   62   57   60   60   60   60   60   60   60   6   |
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| High Income  | 63 44<br>79.00  | ++++++++++++++++++++++++++++++++++++++       | 906                                  | County Sank UT Services Ltd<br>Managers of NatWest Unit Trusts<br>Inl, Chespode, EC2V 6EU.   | 01.7 <u>26</u> 199  | 99                                       | HBI, Equally Income Ty: , (b.)  <br>HBI, Canadian Tu   | 45.8<br>45.8<br>10.0  | (# 599<br>(# 236   | Specialist Foods Countries Nov 29 108 See 1 133 PM   |
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| U.S. 52 & 67.2 Europe 59.2   | 67 3<br>69 P  |  | 0.10<br>1.22<br>0.10                 | Income & Greenth Tyl   | 10 +0 10 10 10 10 10 10 10 10 10 10 10 10 10                | 25 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 | Special Set  | 110.1<br>152.2<br>52.7<br>99.5<br>10.7  | 132<br>132<br>132<br>132<br>132<br>132<br>132<br>133<br>133<br>133     | Hope for 1823 4 195.1 +0.8 12<br>[Access Units] 205.3 218.4 +1.0 5.32<br>[UK Ground 1.196.8 211.9 +0.2 229<br>[Access Units] 209.1 218.2 +0.2 229  |
| Archeray Unit Tel. Mys.<br>31 Sen Street, Landon, EC2M 2<br>Funt   | Ltd.(a)(c<br>20P.<br>224.4                                  | _  |                                      | For Craigmount Bult Trent see Years  |   |  | THE RECEIPT PERSON   | 99.5<br>10.7<br>20.1  | (2) 1.92<br>(2) 4.08<br>(2) 3.31                                       | MILA Unit Trust Management Ltd<br>06 Queen St, 5W1A 916. 01-222 (3112<br>MILA Gen, TSL   |
| Grouph Plant 31.4<br>High Yield Equity F054.7  | 33.3<br>38.2  | i  | iii<br>iii                           | Crown Built Trust Services Lib<br>Crown House, Woking 6U21 1XW. (<br>Crown High Inc. Trust   | 14862 24933   | - 1                                      |  |   | 2552<br>2552<br>2552<br>2552<br>2552<br>2552<br>2552<br>255            | MLA Sea. 7st. 26.7 28.3st +85.5 2.29 MLA income Total 1918 12.5st +84.4 6.13 MLA in 37.7 99.7st 68.7 Get Uni Trad 22.3 23.5st +8.3 11.61   |
| Arkwright Management<br>Parswage Cartiers, Mancheste<br>Arkwright Fri June 4   |   | 61-834 2<br>+3.91                            |                                      | Cores High Im. Treat   |   | Ē  | Sendler Cos D  |   | (3) 5.77<br>(4) 10.12<br>(2) 9.86<br>(2) 10.34                         | Manualite Management Ltd.<br>St. George's Way, Stevenage. 0438 356101  |
| Athata Unit Managers I   | M   |  |                                      | Dartington, Totales, Devon TQ9 6JE.  | 0803 86227<br>lai +0.1; 3.4                                 | <b>~</b>                                 | Slobal Health  | 57.4<br>92.8  | ri 032   | C.D.&Frail Let.   On 6   97 9   4.63   According to 18   According |
| 46, Moorgate, ECR &EL 01-6<br>Anomain Sept Sept  | 38 1711.<br>5월  | -13<br>-03                                   | 0.65<br>0.90<br>0.67                 | Discretionary Unit Fund Mana<br>36/38 New Broad St, ECOM 1MU.<br>Duc let May 31  | 03-635 449  | 85 0<br>30 V                             | iels Ty  | 500<br>118.4<br>76.2<br>291.5   | 100<br>(1) 100<br>(1) 130<br>(1) 130<br>(1) 130<br>(1) 130             |  |
| Baillie Cillard & Co. Ltd  | 4   |  |                                      | EFM Unit Trust Managers Lite<br>4 Metrille Cresses, Ednburgh,  |   | - 4<br>- 4                               | Refrance Foods Restructure   \$0.7 Entitioner   \$132.2 Entitioner Small Co.   \$0.0   | <b>영설</b><br>152년   | (2) 0.48<br>(2) 0.45<br>(3) 0.45                                       | Mayflower Management Co. Ltd.<br>14-18, Greshim St. ECZY 7AU. 01-606-8099<br>Income May 20   |
| 3 Girofinian St. Editoburgh.  tert Er* May 15 116.6  Japan Er May 22 207.3  UK Er Jane 1 152.0  Personal left May 15 369.2   | 330 e   | 31.22.6<br>116                               | 086<br>1.27<br>0.40                  | EFM American Funda" 363.0 67<br>EFM Capital Funda: 166.3 70 9<br>EFM Genorit 6, inc Filia: 106.3 113<br>EFM High Dat. Filia: 38.6 90   | 네 그렇게   | 62 1                                     | Real Tred  | - 612<br>102  | (2) (3)<br>(2) (4)   | Indiane May 20   |
| Japan (s)  | 1673<br>388.7<br>152.3<br>42.4<br>142.6                     | +29  | -<br>156                             | EFM Internati Fundatio   |   | 20 4 4 20 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4  | lumer lands  | 142.21<br>53.14<br>23.24  |  | Regris House, Kung Wattiam St, ECA. 01-623 4951<br>Delphi fac: Tsl. Acc  |
| Technology (2) 100.9<br>Energy (2) 151.7<br>Recent Growth 151.7  | 47.4<br>142.4<br>179.4<br>107.4<br>161.4                    | 1 1  | 153<br>202<br>3.24                   | Editions Enrupt Foods* Approximations 5  |   | . š                                      | Ingla Income   | 77.55<br>77.55<br>12.75   | (1) 60°<br>(1) 142<br>(1) 122<br>(1) 071                               | Gen Fund Acc. 1907 2029 424<br>Gen Fund Inc. 11158 12124 424<br>Mencap Unit Trust Mages Ltd (a)(c)(g)  |
| Barcinys tielcore List(a)<br>Uncore Ho. 252, Renderd St., I  | (c)(g)  | 02-534 5                                     |                                      | Pactic May 31  | 3 (2)   | 10 G                                     | Partie En Tra May 31   | 61 94<br>69.6<br>57.5   | (d) 134<br>(d) 124<br>(d) 258  | Unicom Hse, 252 Romford Rd, E7. 01-534 5544<br>Mencap  |
| Do. April Acc. 130.0   | 82 4±4<br>138.2<br>100.7                                    | +0.5<br>-2.5<br>-1.7                         | 2.97<br>[.45                         | The English Association 4 Fore Street, London, EC2 E.A. Income Final   | 01-920 912<br>5   7.7<br>2.8                                | 20 5                                     | 52 Berkeley Square, Lordon W1X (   | pers Lita<br>EH (<br>78.54)<br>67.2   | 1-4936621  | Mercury Fund Managers Ltd. 33 King William St. EC48 9AS. (01-280 2860 American Growth  |
| Do. Extra Income   | 190.2<br>394.66<br>50.5<br>195.66                           | #4   | 7                                    | Equitable Units Administration   |   | <br>N                                    | tesmots Unit Trust Manag<br>O Fran St, Reading, Berks.   | ers Ltd   | , 6.09<br>734 595511   | CACCOM Units)  |
| Do. 508. 199.3<br>Do. General 107.6<br>Do. Get & Feet Let. let. 53.1<br>Do. Get & Pacolet Acc. 191.9<br>Do. Get . Pacolet Acc. 191.0   | 2115<br>114.4<br>5) 5-<br>97.7                              |  | 74<br>349<br>321<br>381              | 35 Fountain St., Manchesser M2 2AF For External  | 061-23-568<br>34 -14 10<br>44 -66-63<br>34 -65-61           | 20 G                                     | Seerglast Ford   | 74.0j<br>62.4   | 1 4.07   | See 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1  |
| Do. Lesser Talis   | 146.4<br>24.0<br>66.0<br>152.0                              | ::::::::::::::::::::::::::::::::::::::       |                                      | Galt & Fel (retz) 49,7 51 High Income(2) 55 7 59 High Income(2) 55 7 57 High Income(2) 59,0 59 Pelicant(2) 270.6 309 Spaces Seat(2) 58,2 62 Tig of less Test(2) 53,0 56  | 100 100 100 100 100 100 100 100 100 100                     | 10 4 A A A A A A                         | lexagen Services 1.td. G1 St Helens, London EC3P. 3EP Let Frum   | 150.4<br>134.4  | 708 45322<br>+0.9 2.23   |  |
| De. Special Sets. 79   | 116.3<br>91.0<br>48.4                                       | +0.5   | 15                                   | Equity & Law (Je. Tr. M. (a) (<br>Amerikan Rd. Hosh Wycombe.   | (c)<br>0494 33377   | H<br>7 4                                 | (iii Samuel Unit Tst. Myrs.<br>5 Beech St. ECZP 2LX.   | .† (a) <sub>0</sub>   | 1-628 8011   | Japan  |
| Do. Wilderste Tryst  | 114.4<br>264.5<br>176.24                                    | +0.9   | 17.                                  | UK Gooth. Tot. Act (2)   | **************************************                      | 7 4                                      | p) Brook Trust   | 83.2<br>268.6<br>66.9<br>87.7   | -09 28<br>-15 28<br>-15 18   | German Gardy   |
| Baring Fund Managers L.<br>P.O. Box 156, Beskenbarn, Kent  | <b>54.</b><br>8R3 4XQ.                                      | 01-658 %                                     | 002                                  | GeltyFather States - 300.1  GeltyFather States - 375 7  14. Agents Tit Act (s1 - 123 9 131.6  Far East Tit Act (s) 1835 88.8   | 4 -14 32  |  | of Far East  | 279.3<br>279.3<br>84.4  | 뺽꺯   | Midiand Bank Group U.Y. Magrs. Ltd.<br>Courtwood House, Saver St, Head, Sheffield, S1 3RD.<br>Tel: 0742 79942<br>Capsal ibo.5 79 9 +0.91 290   |
| Autoralu   | 48 8<br>99 44<br>498 9                                      | -02  | 90<br>33<br>72                       | European Tri Acc (2)   | -28 LB<br>-03 141<br>-02 219                                | 19 10<br>19<br>19                        | o) loci Trest 91.3<br>P Japan Tech Tu 24.0   | 낊   | **************************************                                 | Capital 66.5 P1 9 40.9 290 18cton (Lect.) 1.54 127 93.5 40.7 290 18cton (Lect.) 1.54 123 1st 155 285 18cton (Lect.) 1.54 123 1st 155 285 18cton (Lect.) 1.560 18cton (Lect.) 1.56 |
| Do. Access."   | 738 L<br>46 4<br>51 2<br>51 5                               | +04  | 177<br>198<br>150<br>150             | 1 Laurence Postacy Hell, ECHROBA.<br>F & C American Fo64 9 67  | 01-623 4686<br>5 -07 04<br>6 -06 033                        |  | pi Nat. Resources Tu   | 57.4<br>127.4<br>127.4  | -63  | (Actom Units)  |
| "lent ub der A<br>Barrisetse Mest Co Lie   | eited   |  |                                      | F & C Fracti Int Feb   | -01 40<br>7 -04 73<br>4 +03 fb 45                           | 2 L<br>0 33                              | B.I. Frand Massagers Ltd. (<br>2 Oneen Anne's Gale, London SW2<br>B I Brit & O Leak  | a)<br>H 9AB.0<br>B 7a   | 1-222 1000   | (Accord Unes)  |
| 59 Gresham Street, EC2P 20S.<br>6en. (blar): May 29  | 125.4<br>166.8<br>197.4<br>130.2                            | 03-4064                                      | izi                                  | F & C Derson in: Fd = 56.5 & 60.5:<br>FS Investment Stanagers Ltd.<br>190 West George St., Glasgera.   | 941-332-6462  | " ¦¦                                     | BI High fac . 49 6<br>BI see Yut 56 0<br>BJ Seconty Get .52.1  | 52 31<br>54 4   | +0.1 2.00<br>+0.1 10.00<br>2.20<br>+0.1 3.5                            | PRINT AMERICA  |
| (Acres (less)  | 130.2<br>111.1m<br>163.5<br>311.1m                          | 1월 년   | 43<br>13<br>18                       | FS But more Great Fd247.0 262.<br>Service Co's Fd26,4 28.  | i<br>e  | 35                                       | Sey Fund Managers Ltd. (a)<br>5, Fountim St. Manchester NG 2AI<br>17 Equity & Gen (1) 1642   | F. 06   | بسديت  | 1017 1017 1017   |
| Pacific June 4 (10-11  | <del>36</del> 9   | -13  | 85<br>09<br>09<br>22                 | Fidelity International Manager<br>Roser Wark, Tonbridge, TN9 1DY.<br>Importants:   | 0732 361144   | • .                                      | ey Equity & Gen (z) 1642   1<br>vy Intone Find 1162.7   17<br>vy Foed Int. Fo 155 7<br>Seinnerft Benson Unit Man   |   | 1 11.73  | Minster Finds Managers Ltd. Minster Home, Arthur St, ECAR 98H. 01-623 1050 Minster Home, Arthur St, ECAR 98H. 01-623 1050 Entropt May 31   |
| Horth American May 31 2220<br>(Accuse, Umis) 2525<br>Emotion May 29 2453<br>(Accuse, Umis) 297.0<br>Japan Jape 4 255 4<br>(Accuse, Umis) 125 4   | 723 4<br>725 4<br>386 2<br>582 2<br>582 2<br>583 4<br>583 4 | -sá 6  | 73977                                | 179 Amer Spec. Sep. (دائر بـ ـ ـ   179 م 51 كار<br>28. ـ ـ ـ ـ 28. ـ ـ ـ 28. كار كار 19 كار 19 كار 19 كار 19 كار   | -02 120   |  | 0, Fenchurch St, EC3<br>B Un. Engenc (101av) (22.0<br>B UK Conglec (101av) (35.7<br>B Ed Ing Tag   |   | +0.23 190<br>+0.24 190<br>+0.44 190                                    | Montage Unit Trust Mgrs. Ltd.<br>11 December Square, London, EC2W 4VE, 01-626  |
| Bishoosaate Propressive  | Ment. C   | <b>.</b>                                     | · M                                  | Mar inc. Eq. Tr 57.0 60.71   |   |  | B Fd In Tvi Att  | واجتحا  |  | 3434. Dealing 01-623 4273<br>Gold & Pric M-rab 41 8 46 H =0 77 203<br>Gazani Units   |
| 65 Hottom Vanuet, EC1A 20R.  | 775.244<br>1046.6<br>092.0<br>1074 6                        | 01-2484                                      | 100<br>113<br>125                    | Composition 201 30 Composition 124 1 30 70 70 70 70 70 70 70 70 For East Inc Tal. 23,5 250 Sames Finding Unit Trust Maga.  | • 6/3   |  | BARNYGO IR534<br>BARNYGO AK  | 87 3  |  | (Access Inst)51 4 548 +05 187  |
| 6" yate Pros liby 28   | 104.3<br>184.3<br>184.3<br>184.3<br>184.3                   | , "  | 75                                   | 10-14. West Mile Street, Glatoner.   | 041-204 1321<br>125   | 7 10                                     | <u>rπο@ ωφινάτ                                    </u>   | 78 4<br>50 1<br>50 3<br>70 3<br>40 0  |  | Macoust United   188   627   618   140   15   500   15   15   15   15   15   |
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F.T. CROSSWORD PUZZLE No. 5,735

ACROSS I Car the Finns put back in

stock (9) 6 Operatic heroine starts calling like a parrot (5)
9 Tomato—or Big Apple, at

any rate? (5)

10 Where to get tea, if race is any rate? (5)

10 Where to get tea, if race is off? (9)

11 Moustaches needed to mansou numbe? (10)

12 In an inferior position, like

age pubs? (10)

12 Fit plate for Oxford, per
13 in an interior positive for Talbot (10)

14 Alice's intended put in the haps (4)
14 Slit got opened in entrance
to windwine (7)
15 Twice, Head Office cut price

to windpipe (7)
15 Honour England's openers before August (7) 17 Guaranteed life of an underwriter (7) ...

19 Crime of corrupt senator? 28 Dutch pottery left out— that's handy! (4)

22 Quarrelling over lower incidence of big-toe trouble 25 Plant Bennett's card on eastern lines (9)

26 Part of stage employed for HMS Pinafore "? (5) 27 Larva about? Try this chemi-28 Oho! the cat is involved in

canine trouble (9) DOWN

1 Tiller's course set at one. roughly? (5)
Some mount erupting can be earth-shaking (9)
3 Work to make spring more comfortable? (10)

Solution to Puzzle No 5,734 

4 At home, copper business

starts to be a nightmare (7) 5 Quarters police to ensure

6 Light aircraft dazzled into

7 Military music of the border

obedience (7)

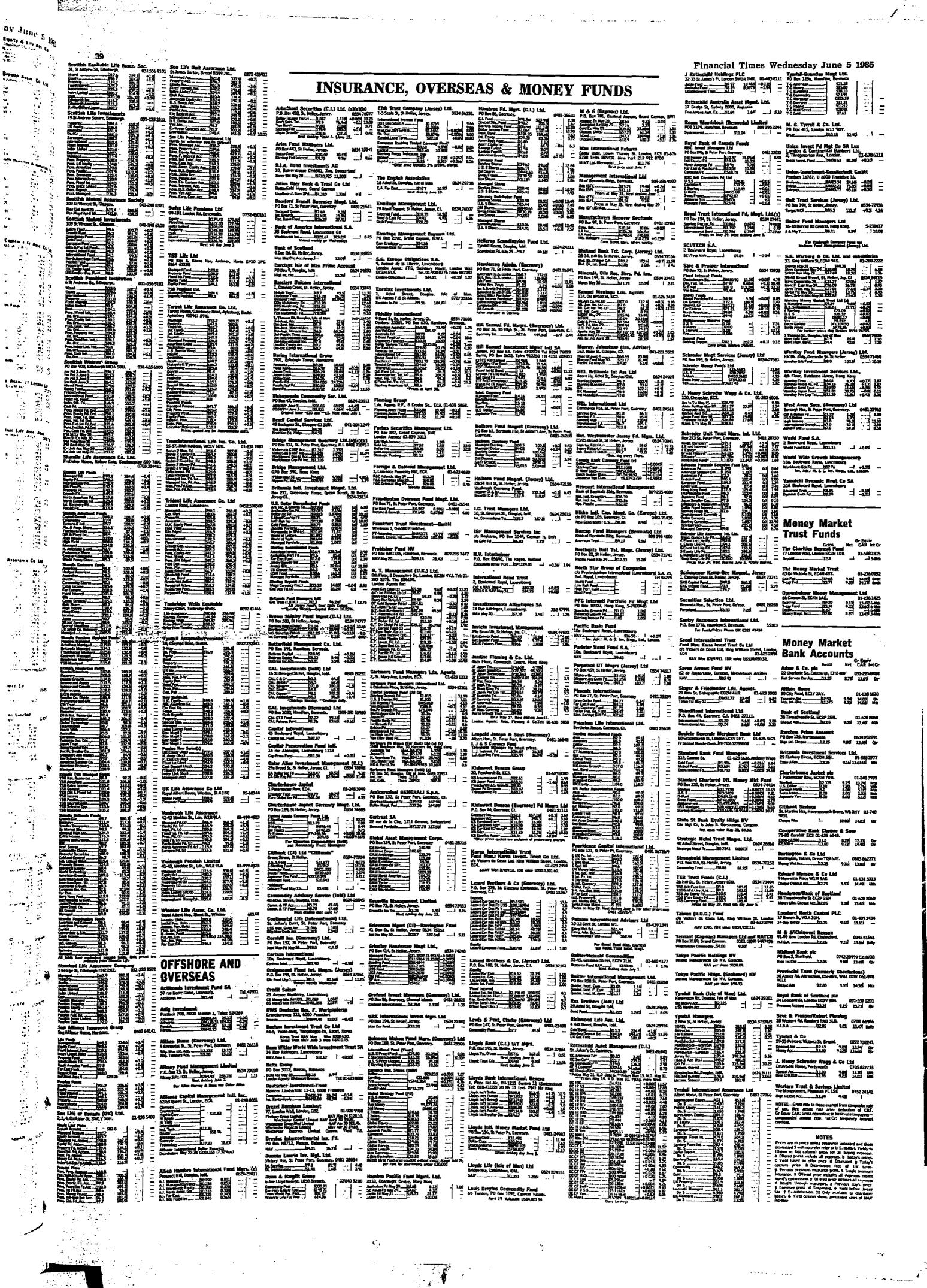
destruction (4)

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## **APPOINTMENTS**

## Cable and Wireless plans major changes

as at May 15 1985

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. They are prepared by the London clearing banks and cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the monetary sector.

London Clearing Banks' balances

| TABLE L   |                                     | Total<br>Itanding          |                              | nge on               |   |  | otal<br>tending<br><u>£m</u> |                      | nge on<br>enth<br>£m |
|---|-------------------------------------|----------------------------|------------------------------|----------------------|---|--|------------------------------|----------------------|----------------------|
| AGGREGATE BALANCES  | £m                                  | £m                         | £m.                          | £m                   | Bills:  | 198  |                              | + 90                 |                      |
| LIABILITIES  Sterling deposits:  UK monetary sector  UK private sector  UK public sector  Overseas residents    | 18.605<br>62,219<br>1,340<br>11.001 | 2.11                       | +300<br>+328<br>+ 9<br>+ 34  | _                    | Treasury bills Other bills Special deposits with Bank of England Investments: | 2,276  | 2,474                        | +362                 | +352                 |
| of which: Sight   | 5,632                               | 98,797<br>36,322<br>62,475 | <u>551</u>                   | +120<br>+322<br>-202 | British Government stocks Other   | 2,602<br>2,684<br>———————————————————————————————————— | 5,286                        | +234 + 3 -521        | +23?                 |
| Foreign currency deposits:  UK monetary sector  Other UK residents  Overseas residents  Certificates of deposit | 14,286<br>4.635<br>43,962<br>6.807  | 69.691                     | +270<br>+ 57<br>-145<br>+231 | +413                 | UK private sector   | 312<br>2,667   | 70,041<br>10,789             | -158<br>+ 51         | -627<br>+173         |
| Potal deposits<br>Other liabilities*  |                                     | 168.488<br>22,983          | ,                            | +533<br>+1,322       | Market loans: UK monetary sector Other  | 16,027<br>919<br>29,402                                |                              | +682<br>- 38<br>+169 |                      |
| TOTAL LIABILITIES   |                                     | 191,472                    |                              | +1,855               | Bills   |  | 46,349<br>182                |                      | +813<br>- 1          |
| ASSETS Sterling Cash and balances with Bank of England Market loans:  |                                     | 1,491                      |                              | + 17                 | Advances: UK private sector UK public sector Overseas residents               | 6,095<br>1,118<br>16,498                               | 23,710                       | +274<br>+ 13<br>-188 | + 98                 |
| Discount houses   | 3,115<br>16,759<br>2,720<br>760     |                            | +358<br>+545<br>- 10<br>- 7  |                      | Other foreign currency assets*  TOTAL ASSETS                                  | ,  | 5,723<br>191,472             |                      | -159<br>+1,855       |
| Other   | 2,072                               | 25,426                     | + 67                         | +953                 | AcceptancesEligible liabilities   |  | 3,979<br>73,797              |                      | +168<br>-417         |

|   | TO'              | [AL                   | BARC             | LAYS                  | LLO              | 7DS                   | MIDL             | AND                   | NATIO<br>WESTM   |                       | WILLIA           |                       |
|---|------------------|-----------------------|------------------|-----------------------|------------------|-----------------------|------------------|-----------------------|------------------|-----------------------|------------------|-----------------------|
| ABLE 2. INDIVIDUAL GROUPS<br>OF BANKS' BALANCES | Out-<br>standing | Change<br>on<br>month |
| <u> Jabilities</u>                              | £m               | £m                    |
| Total deposits                                  | 168,488          | +533                  | 42,531           | +227                  | 31,723           | +241                  | 32,337           | +154                  | 56,923           | - 68                  | 4,974            | <b>– 21</b>           |
| Cash and balances with Bank of England          | 1,491            | + 17                  | 509              | + 38                  | 219              | - 44                  | 242              | - 28                  | 469              | + 51                  | 51               |                       |
| UK monetary sector                              | 35,877           | +1.562                | 7.166            | +562                  | 5,169            | +346                  | 4,331            | +352                  | 18,311           | +315                  | 901              | <b>– 1</b> 4          |
| Other   | 35.897           | +205                  | 9,652            | +197                  | 7,067            | -265                  | 7.439            | +322                  | 10,614           | - 42                  | 1,126            | - 6                   |
| Bills   | 2,656            | +351                  | 978              | +183                  | 805              | + 27                  | 370              | + 80                  | 487              | + 66                  | 16               | <b>–</b> 5            |
| British Government stocks                       | 2,602            | +234                  | 496              | + 48                  | 705              | + 10                  | 696              | +199                  | 619              | - 23                  | 86               |                       |
| Advances  | 93,752           | -529                  | 25,768           | -205                  | 18,416           | +162                  | 17,969           | -609                  | 28,633           | +120                  | 2,965            | + 3                   |

From July 1 Mr B. A. Pemberton, director, Far East, of CABLE AND WIRELESS is CABLE AND WIRELESS is appointed to a new position of chief operating officer reporting to the chairman and chief executive, Sir Eric Sharp. He will move from Hong Kong to the UK, and in addition to his current responsibilities as director, Far East, Mr Pemberton will assume responsibility for the assume responsibility for the operations of all other regional

Finance and marketing directorates will continue to report

directly to the chairman, is re-signing from the court of Cable and Wireless following his recent appointments as senior partner of Price Waterhouse, and as a member of the industrial Development Advisory Board. Mr Alan W. Clements, finance director of Imperial Chemical Industries, will join the court as a non-executive director.

Mr David K. P. Li, director and chief manager of The Bank of Fact Agia will become abairment.

East Asia, will become chairman of the Hong Kong Telephone Company in place of Mr Pember-

DIRECT COMPUTERS of Stevenage, has appointed Mr David Longley as managing director and Mr Mike Wenn as appointed managing director of the Ideal Williams division of McKECHNIE ENGINEERING (READING).

W. A. BAXTER & SONS has appointed Dr Peter Main, until recently chairman of the Boots Company as an non-executive

Mr Peter Jordan has been ppointed director of technical rvices at the BUILDING MPLOYERS CONFEDERA-ION. He succeeds Mr Eric hompson, who has retired.

Mr David Palmer, chairman of Villis Faber, has been appointed resident of THE INSURANCE NSTITUTE of London, the argest local institute of the hartered Insurance Institute.

WATERFORD GLASS GROUP waterrord GLASS GROUP as appointed two non-executive directors: Mr David Dand, chair-nan and managing director of libeys of Ireland Group; and fir Howard Kilroy, chief opera-ions director of the Jefferson murfit Group.

Mr Philip Amphlett has joined BANK JULIUS BAER AND CO as senior vice president in charge of banking and commer-cial lending. He comes from Henry Ansbacher and Co where he was senior banking director.

CRYSTALATE HOLDINGS has appointed Mr John Herrin as group chief executive. He was previously group managing director. Mr Herrin is also chair-

now part of Crystalate. Following the restructuring at group level, two directors, Mr A. J. a director of a number of Crates and Mr C. K. Howe have decided to leave the group. Mr John B. Lewerthy, Crystalate's and De Beers Consolidated Chairman, says: "Their departure is entirely amicable and will be timed to ensure a smooth handover."

ARCO CHEMICAL EUROPE, INC has appointed Mr Mare

ASSOCIATED BRITISH

ASSOCIATED BRITISH
PORTS HOLDINGS has appointed Mr Richard Leigh to the board of its computer operating subsidiary, ABP Computer Services, as a power of the computer operating subsidiary, ABP Computer Services, as a power operation of the computer operating subsidiary, ABP Computer Services, as a power operation of the computer operations are also computer operations. ating subsidiary, ABP Computer Services, as a non-executive director. He is divisional director of the PE Consulting Group and managing director of Lodestar Computing

Mr Rodman C. Rockefeller has joined the board of BOOKER McCONNELL as a non-executive director. He is chairman of Arbor Acres Farm Inc, the holding company of Booker's interests in the U.S. in which the Rockefeller



Mr Rodman C, Rockefeller director of Booker McConnell

family have a 10 per cent share-holding. He was chairman and chief executive officer of the International Basic Economy Corporation (IBEC) when it was corporation (IBBC) when it was merged with Booker's agribusiness interests in 1980 and subsequently chairman of Ibec Inc. formerly parent company of Booker's agricultural interests. Mr Rockefeller is the eldest son of the late Mr Nelson Rockefeller

RESEARCH MACHINES, Oxford, has appointed Mr John Netherton as sales and market-ing director. He was with Philips Business Systems as sales director.

UDO HOLDINGS has appointed Mr Robert Flashman as regional managing director Scotland (Sime Malloch). He was formerly sales director of Ozalid UK.

Mr I. J. Fraser will be retiring mr 1. J. Fraser will be returing as chairman of the ACCEPTING HOUSES COMMITTEE on July 1 having served since 1981. The committee has elected Mr Evelyn de Rothschild, chairman of N. M. Rothschild and Sons, to

HAMBRO LIFE has made the following promotions: Mr David Anderson to executive director, broker department; Mr Keith Carby, executive director, sales; Mr Peter Emms, executive director, marketing; Mr Jerry Grayburn, executive director, pensions marketing; Mr Tony Lesson, area director, broker department; Mr Gordon Burt, executive director, pensions; Mr Peter Hamilton, executive director. Peter Hamilton, exemptive direc-Peter Hamilton, executive director, legal; Mr Norman Leslie and Mr Ian Seward, executive directors, management services; Mr Steve Smith, divisional director, finance; Mr Peter Stemp, executive director, personnel/office services; and Mr David Woollett, divisional director, management services.

Mr Simon Tebbett has been appointed finance director of CPU COMPUTERS.

W- David I Domean a director of William Mercer—MPA, has joined the investment division of J. HENRY SCHRODER WAGG of J. HENRY SCHRODER WAGG & CO. He will be responsible for the development of the com-pany's new pension fund invest-ment management business in

Mr David von Simson has been appointed an executive director on the board of SWISS BANK CORPORATION INTER-NATIONAL.

Mr Harold Bach has joined the board of THE GUIDEHOUSE GROUP. He is responsible within the group for Greyfriars Trust (the leasing and lending activity) and Guidehouse Securities (the OTC market-making activity). Mr James Powell has joined the board of Guidehouse, the issuing house. He was with Guinness Mahon & Co and finance director of Associated British Engineering. Mr Adrian Bradshaw has become an assistant director of Guidehouse. He was with County Bank. Mr Rupert Lywood has become a manager of Guidehouse. He was with Robson Rhodes. Robson Rhodes.

Mr Bev Scutts has joined the main board of BERLEI (UK) as commercial director responsible for sales and marketing. He was sales and marketing executive

IBM UNITED KINGDOM
has appointed Mr John S.
McCrackes, resident director,
Scotland and Northern England,
as communications and external programmes director. His new

responsibilities will include government and media relations government and ments restrons, together with external activities such as advertising, arts and sports appoints and university promitatives and university promitatives and university programmes, as well as internal communications. His successor as resident director is hir David J. G. Reid, who was manager of laboratory operations.

Dr Paul Whitney has been appointed managing director of CIN Industrial Investments and Mr Barry Southcott as managing director of markets le securities in the NATIONAL COAL BOARD'S superannuation investments department.

Founder director of the Interact Group, Mr Geoff Humphrey,
has been elected chairman of
INTERACT MARKETING AND
COMMUNICATIONS GROUP
The married rearronsibility with the His special responsibility will be His special responsionity will be to develop further the "total communications" range of ser-vices available to all group clients. Mr Humphrey was managing director of Carter Matanie, a group company.

Mr Rouald Marler has been appointed non-executive chairman of KODE INTERNATIONAL man of KODE INTERNATIONAL from July. He was chairman of Electrocomponents. He succeeds Mr Ted Randall, the current non-executive chairman who, following his retirement from law practice, has retired but remains on the board as a non-executive director.

AND SPOT

INC CURRENCE

MANGE CROSS

MEY MARI

kates u

Mr R. J. Day, who has succeeded Mr E. W. Duffy as chairman and chief executive officer of USG Corporation (formerly United States Gypsum Campany), has been appointed a non-executive director of BPB INDUSTRIES, in place of Mr Duffy. Mr H. M. Stever, vice chairman of USG Corporation, has been appointed as an alternate director to Mr Day.

Following EMI Music's recent acquisition of Hispayox S.A., the leading independent Spanish record company, Mr Lais Aguade has been appointed managing director EMI MUSIC GROUP. Spain, with responsibility for both Hispavox and the existing Odeon S.A. company. Succeeding Mr Aguado as managing director EMI Odeon S.A. is Mr Rafael Gil who, for the past three years, has led EMI Music's Latin A&R and marketing team based in Los Angeles. Mr Angel director Hispavox S.A.

THE STOCK CONVERSION
AND INVESTMENT TRUST has
appointed Mr Michael Cannan,
chief executive of the Electricity Supply Pension Scheme, to the board as a non-executive

BRADSTOCK, THOMPSON BRADSTOCK, BLUNT & THOMPSON (L&P) has appointed Mr G. N. Garbett as

NOTICE OF ANNUAL GENERAL ASSEMBLY OF SHAREHOLDERS

ELIGIBLE LIABILITIES ....... 73,797 -417 21,331 -435 15,136 + 32 13,173

## **FIDELITY** AUSTRALIA FUND N.V.

Registered Office: 16-A Pietermaai, Willemstad, Curacao, Netherlands Antille

The following matters are on the agenda for this

INDIVIDUAL GROUPS OF BANKS

Report of the Management. Election of nine Managing Directors. The Chairman of the Management p re-election of the following nine saist

Approval of the Balance Sheet and Profit and Loss Statement for the liscal year ended February 28, 1985

Statement for the fiscal year ended reprisary 28, 1997. Proposal, recommended by Management, to amend the Corporation's Articles of Incorporation is necessary or appropriate to enable the Corporation to continue to list its shares on the Luxembourg Stock Evchange, by amending Article 5 to add a provision specifying the time within which investors must pay the subscription price for shares, and by amending Article 11 to add a provision specifying the time within which the Corporation must pay redemption proceeds to investors

Proposal, recommended by Management, to amend Article 5 of the Corporation's Articles of Incorporation to add a provision authorizing the Corporation to issue

Authorization of execution and delivery by report attress of Corporate Trust N.V. on behalf of the Corporation of appropriate Deeds of Amendment relating to Items 4 and 5 above.

Ratification of actions taken by the Managing Directors since the last Annual General Assembly of Shareholders.

Fidelity Australia Fund N.V. e o Corporate Trust N.V., 16-A Pietermani, Wyllemstad, Curacao, Netherlands Antilles.

Holders of hearer shares may wote by proxy by mailing a form of proxy and certificate of deposit for their shares to the Fund at the above address. Alternatively, holders of beater shares wishing to everyese their rights personally at the Meeting may deposit their shares, or a certificate of deposit therefor, with the Corporation at 16-A Pieterman, Willemstad, Curacao, Netherlands Amilles, sagainst receipt therefor, which receipt will entitle said beater shareholder to exercise such rights. Holders of bearer shares may obtain a form of proxy and certificate of deposit from the following institution

Fidelity Australia Fund N.V. Pembroke Hall. Pembroke, Bermuda Fidelity International Management Lin 25 Lovat Lane, London EC3R 8LL, England The Bank of Bermuda Limited Front Street, Hamilton, Bermuda

rank S. A. Luvembo 43 Boulevard Royal All proxies (and certificates of deposit issued to bea

FIDELITY AUSTRALIA FUND N.N. is a diversified investment Company with the investoring long-term capital growth from a portfolio of mainly Australian socurities. Current Energy (45%), Metals (15%) and Electrical (14%). Copies of the Offering Circular and latest Qua

P.O. Box 670, Pembroke Hall,

## **Corporate Finance**

The Financial Times proposes to publish a survey on the above subject on Wednesday 3rd July 1985

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## CURRENCIES, MONEY and CAPITAL MARKETS

### FOREIGN EXCHANGES

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PMI March

## Short covering boosts dollar

Late short coverings took the dollar up to the bestlevel of the day yesterday after a rather uninspiring and featureless trading session. A fall in the U.S. discounted and with no other factors to affect sentiment, there was a general reluctance to push the dollar outside a trading range of DM 3.03 to DM 3.06. Early trading saw the dollar sold off, trading saw the dollar in 1985 is but yesterday's satisfactory UK more saw the pound to offset these fears but yesterday's satisfactory UK more saw the dollar in 1985 is but yesterday's satisfactory UK more saw the dollar in 1985 is but yesterday's satisfactory UK more saw the dollar in 1985 is but yesterday's satisfactory UK more saw the p

Monday.

Elsewhere the dollar closed at SwFr 2.5620 from SwFr 2.5620 and ¥249.10 compared with Y248.80. It was also higher against the French franc at FFr 9.31 from FFr 9.29. On Bank of England figures, the dollar's index was 144.8 from 144.7.

Early trading in New York saw the dollar shrug off Federal intervention in the money market.

45.1836 8.08535 2.24409 6.84377 2.52599 0.718862 1432.78 ±1.5471 ±1.6419 ±1.1476 ±1.3689 ±1.5171 ±1.6673 ±4.0410 -0.92 +0.11 -0.44 +0.17 -1.20 +2.08 Changes are for Ecu, therefore positive change denotes a pulated by Financial Times.

POUND SPOT-FORWARD AGAINST POUND 4.62 2.75 5.40 3.31 0.72 6.74 -13.26 -2.62 -1.21 -0.40 5.99 5.76 7.01

1.2715-1.2885 1.2765-1.2775 0.56-0.53c per da 1.2436-1.2715 1.2765-1.2775 0.48-0.23c per da 1.2436-1.2715 1.2740-1.7490 0.48-0.29c per da 1.2436-1.2715 1.274-470 2.20c per da 1.2436-1.2446 1.2436-1.2446 0.15c per da 1.2436-1.2446 0.15c per da 1.2436-1.2466 per da 1.2436-1.

OTHER CURRENCIES

**Note Rates** 27.40.27.70 78.90.79.70 14.00.14.14 11.89-12.01 5.695.-5.924, 9480.2520 520.334 4.391-4.451 215.298 215.294 11.341.1.49 5.80-5.51 1.274-1.994, 530-560

| Day's | Day'

**CURRENCY MOVEMENTS CURRENCY RATES** Bank of Morgan England Guaranty Index Change %

#### **EXCHANGE CROSS RATES**

| June.4                                   | Pound St'ring | U.S. Doller | Deutschem k | J'panese Yen  | FrenchFranc | Swiss Franc | Dutch Guild | italian Lira | Canada Dolla | Beigian Fran |
|--|---------------|-------------|-------------|---------------|-------------|-------------|-------------|--------------|--------------|--------------|
| Pound Sterling                           | 0.783         | 1.277       | 3.898       | 818.0         | 11.89       | 3,980       | 4,598       | \$485.       | 1.748        | 78.40        |
| U.S. Dollar                              |               | 1.          | 3.054       | <b>249</b> ,1 | 9.51        | 2,569       | 3,455       | 1947.        | 1.567        | 61.45        |
| Deutschemark                             | 0.357         | 0.528       | 1.          | 61,59         | 3,049       | 0,848       | 1.128       | 637.5        | 0.448        | 20.12        |
| Japanese Yen 1,000                       | 3,145         | 4.016       | 12,26       | 1000,         | 37.37       | 10,51       | 13,83       | 7814.        | 5.491        | 246,5        |
| French Franc 20: 20: Swise Franc 20: 20: | v: 0,841 -    | (1:074      | 3.270       | 267.6         | . 10.       | .2.750      | 8,700       | 2091.        | 1,469        | 65,97        |
|  | 0.805         | 0.389       | 1.188       | 96.95         | 3.623       | .1.         | 1,341       | 757,6        | 0,532        | 23,90        |
| Dutch Guilder                            | 0,227         | 0,290       | 0,886       | 72,31         | 2,703       | 0.746       | 1,770       | 565.1        | 0,397        | 17.83        |
| Italian Liim 1000                        | 0,402         | 0,514       | 1,568       | 138.0         | 4,785       | 1.520       |             | 1000.        | 0,703        | 31.55        |
| Canadian Dollar                          | 0,573         | 0.731       | 2,232       | 182,1         | 6.807       | 1,879       | 2,519       | 1423.        | 2,227        | 44,90        |
| Beiglan Franc 100                        | 1,276         | 1.629       | 4,971       | 405,6         | 15.16       | 4.184       | 5,509       | 3170.        |              | 100.         |

Hallan Lita Danist Krona Franc Yen 91g-10 91g-10 93g-101 91g-95g 9 91g 91g-95g

### MONEY MARKETS

## Rates unmoved by money supply

MONEY RATES

LONDON MONEY RATES

123-1314 123-1214 123-1214 123-1214 123-1214 123-1214 113-1214 114-123 114-123 114-123 114-123

The monthly money supply and bank lending figures to mid-May were well received by financial markets yesterday, but dealers were unsure whether a cut in clearing bank base rates was imminent. It was pointed out that a rise of 0.5 per cent in sterling M3, compared with esterling M3, compared with 2.9 per cent in the previous month, still leaves the figure well above the official target range, while the increase of figure will above the official target range, while the increase of fil.438m, although outfills in band 1 at 12½ per cent, and £5m bank bills in band 1 at 12½ per cent, and £5m bank bills in band 1 at 12½ per cent. At the same time £7m bills were bought for resale to the market on July 4 at 12½ per cent.

A total of £88m bills were unwinding of repurchase agreements absorbing £398m, and moon in bands 1 and 2 at unchanged rates. Another £50m bills were bought for resale on similar terms to the morning, and bank balances above target by £55m.

with expectations. The fall of UK clearing banks base lending rate 12j-12j per cent since April 19

t per cent in sterling Mo, the narrowly based notes and coin

narrowly based notes and coin data, was generally played down, although there was some expectation that the general improvement in all the figures might bring a small reduction in base rates.

Three-month interbank finished unchanged at 121-121 per cent, while discount houses buying rates for three-month bank bills eased to 111 per cent from rates for three-month bank bills eased to 11½ per cent from 11½-1½ per cent, but showed no reaction to the figures.

The Bank of England forecast a money market shortage of £1,450m, but revised this to £1,400m, and provided total

FT LONDON INTERBANK FIXING

(11,00 a.m. June 4) 3 months U.S. dollars offer 7 11/18 tiid 7 W18 B months U.S. dollars offer 77/B bio 75/4 The fixing mass are the arithmetic masna, rounded to the nearest one shreamh, of the bid and offered rates for 510m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Dautsche Bank, Banque Nationale de Parls and Morgan Guaranty Trust.

Finance | \$ Cert | House of Deposits Deposits Local Auth. Local Inegotiable Authority bonds | Deposits 7.3-7.4 7.35-7.45 7.45-7.66 7.65-7.66 7.95-8.05 8.05-8.15 3134 1144 1158 1165 1376-1376 1319-125 13.185 One month— Two months — Three months. 8-814 939 912 ECGD Fixed Rate Export Finance IV: Average Rate of Interest period May 8 to June 4 (inclusive): 12.577 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base flate (published by the Finance Houses Association): 13°2 per cent from May 1, 1985 London and Scottish Clearing Bank Rates for lending 12°2-13°4 per cent. 1986 London and Scottish Clearing Bank Rates for lending 12°2-13°4 per cent. Treasury Biller: Average tender rate of discount 11.8016 per cent. Certificases of Tax Deposit (Series 6): Deposite 2100.000 and over held under one month 12°4 per cent; ane-three months 12°4 per cent they-six months 12°4 per cent; ane-three months 12°4 per cent they-six months 12°4 per cent; ane-three months 12°4 per

Frenkfurt

Paris | Zyrich

1518-1514 124-127

125g 121g

5.51g

104 104-104 104-104 104-104 104-103

MONEY RATES NEW YORK (Lunchtime) Treasury Bills

121s 117g 115c 115c

11倍114

Milan | Brussels | Dublin

878 9 878-9

Fine Trade (Buy)

151g-151g 147g-151g

15-164

Discount Houses Deposit and Bill Rates

11機 11機 21場 -

FINANCIAL FUTURES

## Little change

Chicago opened weak Eurodollars closed little changed at
192, compared with 91.93 previously, after touching a high of
91.94. U.S. Treasury bonds
showed a similar trend, closing
unchanged at 77.27 for September delivery,
June gilts opened lower at
106.26, reflecting nervousness at
a weakening of sterling, but at
this level there was reported to
be good buying by stockjobbers.

be good buying by stockjobbers. The rise of 1 per cent in sterling M3 money supply, and £1.4bn in UK bank lending, was regarded as encouraging

71-29 71-29 71-17 71-24

| Latest | High | Low | Prev | S3.00 | 93.00 | 92.96 | 93.04 | 92.95 | 93.04 | 92.95 | 92.47 | 92.88 | 92.47 | 92.88 | 92.46 | 92.16 | 92.11 | 92.17 | 91.95 | 91.87 | 91.87 | 91.95 | 91.87 | 91.87 | 91.95 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 | 91.97 |

June 92.70 92.72 92.95 92.71 Sept 82.28 92.28 92.18 92.24 Dec 91.80 91.90 91.71 91.31 March 91.41 91.41 91.31 91.38

THREE-MONTH EURODOLLAR (MAN)

U.S. THEASUNT MILLS (IMM)

CERT. DEPOSIT (IMM) \$1m points of 100%

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.8730. May average 3.1024. Exchange rate index 122.1 assign: Dealers described sentiment as good on the London International Financial Futures Exchange yesterday, although there was little overall change in prices. The bullish mood was encouraged by growing hopes of another cut of 1 per cent in the U.S. Federal Reserve discount rate and reductions in the prime lending rates of the commercial banks. September Eurodollars opened lower at 91.90, following an overnight rise in the New an overnight rise in the New York Federal funds rate. Profit taking drove the contract down to a low of 91.83, and although

£ IN NEW YORK P & Spot #1.2700-1.2715/81.2818.1.2830 §1 month 0.56-0.55 pm 0.54.0.52 pmg 5 months 1.47-1.43 pm 11.46-1.42 pm 12 months 15.93-5.80 pm 15.88-3.80 pm

to FFr 11.8850 from FFr 12.0150 and Y318 compared with Y321}.

3.1024 Exchange rate months

The dollar showed little clear

trend in Frankfurt yesterday despite expectations of a cut in the U.S. discount rate. Consequently trading levels were confined to within the morning's range of DM 3.03-3.06. It closed

at DM 3.0445 against the D-mark after a fixing level of DM 3.0432 and Monday's close of DM 3.0535. There was no intervention by the Bundesbank. Although the dollar has looked slightly more will apply the property it has

vulnerable just recently it has met strong resistance when approaching the DM 3.03 level.

D-MARK - Trading

DOLLAR SPOT-FORWARD AGAINST DOLLAR

LONDON

Previous day's open int — (—)
20.YEAR 12% NOTIONAL GILT 250,000
32nds of 100%

Close High Low Prev
June 106-30 107-11 108-23 106-30
Sept 110-22 111-01 110-21 110-25
Dec 110-22 — — 110-31
March 110-17 — — 110-31
March 110-17 — — 110-19
Est volume 4.205 (—)
Previous day's open int — (—)
Besis quote (clean cash price of 13% %
Treasury 2003 less equivalent price of new futures contract) —10 to per (32nds)
STERLING PS 000 S per 6 Close High Low Prev June 1.2795 1.2860 1.2795 1.2900 Sept 1.2885 1.2740 1.2880 1.2755 Dec 1.2545 — 1.2845 Est volume 488 (—) Previous day's open int — (—)

| 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.328 | 0.32 Close High Low Pray

0.3281 0.3289 0.3280 0.3296

0.3286 0.3307 0.3298 0.3283

0.3316

volume 22 (—)

ious day's open int — (—)

SS FRANCS SwFr 125,000 \$ per 

| Close High Low Prev | Juste 133.35 133.45 132.10 132.10 Sept 133.90 133.90 132.90 132.90 Est volume 236 (--) | Previous day's open int --- (--)

Amst'dam | Tokyo |

1254-1354 1214 1216 12 --

6,28125 6,39275

6,28125

FINANCIAL TIMES **CONFERENCES** 

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# LONDON, 12 JULY 1985

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## Dearer gas for Dutch glasshouse growers

By Laura Raun in Amsterdam

THE NATURAL gas price for Dutch glasshouse growers was raised by 2.5 Dutch cents to 45 cents per cubic metres yesterday in accordance with a European Commission order to remove an unfair price cut.

The Dutch Agricultural Board, the Gas Companies Asso-ciation (Vegin) and the National Gas Utility (Gasunie) agreed, however, to cap the price at the 45-cent level until price at the 45-cent level until October 1 1986. The gas price may be adjusted downward quarterly on the basis of heavy fuel-oil prices for the preceding six months between October 1 1985 and October 1 1986. The ceiling price will be reviewed between October 1 1986 and October 1 1987 in the light of heavy fuel-oil prices.

The Dutch Government was ordered to raise the gas price by an unspecified amount after the Commission concluded that a price reduction last October 1 constituted unfair competition in favour of Dutch market gardeners. Without the concession to 42.5 cents per cubic metre, the gas price would have increased to 46.6 cents in the final quarter of last year. Horticulturists in surrounding EEC member countries such as Belgium, West Germany and the UK argued that the price concession gave their Dutch counterparts an unfair advan-tage. The Commission agreed tage. The Commission agreed, and its order to raise the price was upheld recently by the European Court in the face of an appeal by the Dutch Government. The Netherlands contended that the gas charge was a realistic level and that price had been agreed between two private parties the horifordium.

private parties, the horticulturists and Gasunie, Gas prices for Dutch market gardeners have been a bone of contention between the EEC and the Netherlands since 1981. In 1982 the Dutch agreed to link gas prices for horticulturists to those for industrial users, which were coupled with heavy fuel-oil prices. Last year this coupling was undone, allowing market gardeners' prices to fall faster than those for industrial

## Opec decision to meet hits oil

to fall yesterday, in the wake of the decision by the Organisation of the Petroleum Exporting Countries (Opec) to hold an emergency meeting in Geneva on June 30.

June 30.

June shipments of Brent, the main UK crude oil were traded as low as \$26.75 a barrel, a fall of 10c from the worst levels seen on Monday. June Brent started the week at \$27.10.

The British National Oil Corporation (Page) poration (Bnoc) yesterday began telephoning its suppliers with an offer of \$26.65 for a barrel of Brent production in June. This represents a cut of \$1.25 from the price Bnoc paid

for its May supplies.

Previously such a cut by Bnoc would have a significant effect on the world oil market, but the state oil trader has rapidly wound down its liftings rather could since the Governof UK crude since the Govern-ment announced that the cor-poration is to be abolished. Bnoc is now thought to be lift-ing no more than about 300,000 barrels a day of crude.

barrels a day of crude.

The markets are more concerned with Opec and in particular fears that Saudi Arabia

WORLD OIL prices continued which had been contracting its to fall yesterday, in the wake of supplies drastically to hold the line on prices, has come to the

mism, the chairman of British Petroleum. Sir Peter Walters, yesterday told the International Monetary Conference in Hong Kong that he was more opti-mistic than at any time in the past five years over the pros-pects "for an assured future for oil."

## **Latin American exporters** seek U.S. sales boost

Countries (Geplacea) is devoting a large part of its strategy meeting here this week to its attempt to persuade the U.S. to liberalise its import quota

Delegates regard this as their best hope of arresting the slide in world prices which has re-sulted in many of the region's 70 major refineries being faced with bankruptcy.

With sugar prices hovering just above 3 cents a pound the Western hemisphere exporters say they expect to collect barely \$1bn from sugar sales this year. By contrast, in 1980 when prices peaked at an average 36 cents a pound, group members earned

line on prices, has come to the end of its tether. The Saudis will push for a cut in the price of heavy crude at the forth-coming emergency Opec meeting, but this step will be fiercely opposed by light crude producers such as Libya and Algeria, who wish to maintain their competitive advantage.

The outspoken Dr Mana Saeed Al Otaiba, the United Arab Emirates oil minister, yesterday conceded that the world oil market was "never so difficult." But Dr Otaiba's preferred solution of further lowering Opec's production ceiling is most unlikely to be welcomed by Opec members outside the Gulf, which have large populations and onerous debt repayment schedules.

ment schedules.
In contrast to Opec's pessi-

BY WILLIAM ORME IN MEXICO CITY

THE GROUP of Latin American \$44bn from exports, noted Sr and Caribbean Sugar Exporting Eduardo Latorre, the organisa-Countries (Geplacea) is devotion's chairman. Production costs meanwhile, have risen to Ideally, Geplacea leaders say, the goal is to establish a price stabilising accord between producers and consumers, similar to that of the International Coffee Organisation. Few expect this to be achieved soon how-

> Creditors of the longtroubled Great Western Sugar Company, owned by the Hunt Brothers, have announced that they will forfeit 28,000 tonnes of sugar to the U.S. Government, writes Nancy Dunne in Washington. They are expected to forfeit another 110,000 tonnes a month from now

## Cocoa pact extension backed by producers

ABIDJAN - The Cocoa Producers' Alliance (CPA) backed a one-year extension of the current international cocoa pact and examined means of sup-porting prices at a meeting in the West African Island state of Sao Tome and Principe last

Delegates from all 11 alliance members discussed the abortive talks on a new international pact held in Geneva last March and expressed the hope that next month's International Cocoa Organisation meeting in London would result in new pact negotiations between producers and consumers. The current pact, whose buffer stock price support provisions were suspended in 1982 when it ran out of finance, is due to expire at the end of September.

#### Weekly metals

All prices as supplied by Metal Bulletin Metal Bulletin
ANTIMONY: European free
market. 99.6 per cent, \$ per
tonne, in warehouse, 2,750-2,850.
BISMUTH: European free
market, min. 99.99 per cent, \$
per lb, tonne lots in warehouse,

CADMIUM: European free market, min. 99.95 per cent, \$

market, min. 99.95 per cent, \$
per lb, in warehouse, ingots,
0.73-0.78. sticks, 0.78-0.83.
COBALT: European free
market, 99.5 per cent, \$ per lb,
in warehouse, 11.30-11.40.
MERCURY: European free
market, min. 99.99 per cent, \$
per flask, in warehouse, 286-294.
MOLYBDENUM: European
free market, drummed molybdic
oxide \$ per lb Mo. in warehouse. oxide, \$ per lb Mo, in warehouse, SELENIUM: European free

market, min. 99.5 per cent, \$ per lb. in warehouse, 6.85-7.35. TUNGSTEN ORE: European free market, standard min. 65 per cent, \$ per tonne unit WO<sub>3</sub>, cif, 61-67. VANADIUM: European Free market, min. 98 per cent V.O., other sources, \$ per lb V.O., cif.

# Cloves glut leaves a sour taste

GLOOM IS deepening among the spice to France. small band of nations which madagascar produce cloves, faced with a valued at \$50m

Despite shortfalls in Indonesian production and the loss to bad weather of valuable Indian Ocean stocks, cloves look likely to remain in a buyers' market for the foreseeable future, according to experts in Rotterdam, the hub of the

In March 1983 cloves were offered at more than £6,000 a tome. But they have been drift-ing steadily downwards ever since, reaching £3,250 a tonne last week. One big Rotterdam dealer in the spice has warned that prices will continue to slide as producers, strapped for cash with which to pay for imports, compete for a world market estimated at no more than 8,000 tonnes, excluding Indonesia's sizeable domestic Indonesia requires between

30,000 and 35,000 tonnes per year to satisfy the country's expanding kretek cigarette industry, which uses cloves for flavouring. A rapid planting programme in the 1970s made it self-sufficient two years out it self-sufficient two years out of three, although poor flavour retention and high oil content render locally-grown cloves less suitable for cigarette production than imported varieties.
Indonesia's withdrawal as an

importer had a serious impact upon both the Malagasy and Zanzibar economies, while the Comoros Islands, still a comparatively minor producer at 750 tonnes, in 1984, was able to weather the crisis because of traditional sales of the luxury

Madagascar lost exports December, Madagascar an-valued at \$50m in 1983 and was nounced a record harvest of tent slide in prices which has piles estimated at 10,500 tonnes halved their value in the last for East German angles.

Zanzibari ne two years.

foreign exchange and once previous year.

monopolised the quality cloves abundant supplies available, market, was forced to finance its substantial food import requirement through borrowing, while \$24m worth of the crop Meanwhile, another new producer, Brazil, entered an

three year cycle of good, medium and poor years. In 1984, Indonesia's production fell back to approximately 25,000 tonnes, forcing her back to her

cyclones destroyed some 40 per cent of the clove trees on Anjouan, the main producer island in the Comoros. But neither of these developments are likely to halt the slide. Worldwide stocks last Worldwide stocks last purchas October, including those held 1982, c in Rotterdam stores, were esti-

piles estimated at 10,500 tonnes for East German engine parts, by increases in growers' prices salvaging less than a quarter of to more than \$1 a kilo, exceeded its clove earnings of 1982. their own forecast with a har-Zanzibar, which is entirely vest of 7,625 tonnes to add to dependant upon clove sales for the 6,000 still unsold from the foreign exchange and once previous year. With such

## A special correspondent looks

at a problem of plenty in the spice industry

already overcrowded market and last year dumped 3,000 tonnes of low-grade, grinding cloves at prices up to \$500 per tonne less than other major Clove harvests proceed in a

old suppliers. In February, according to a UN relief team,

Indonesia, and other buyers like India, Singapore and the countries of the West, can afford to relax.

The Indian Ocean producers are chronically dependant upon imports of rice and Zanupon imports of rice and Zan-zibar alone requires 40,000 tonnes per year to feed its 500,000 inhabitants. Madagas-car, in the throes of a structural adjustment programme, that has won the confidence of in-vectors still spands up to 2 vestors, still spends up to a quarter of its foreign exchange on food, though imports have begun to inch down from the 350,000-tonne peak of 1982.

Despite the glut of rice and wheat, prices have continued to rise, with the Comoros Islands reporting a 19 per cent increase in expenditure on rice without any significant increase in import volume. A ton of cloves, meanwhile, which would have purchased 29 tonnes of rice in 1982, can now only secure 11

For political reasons, few producer countries will entertain the implications of an interruption in rice supply and so in coming months, price cutting and barrier will be the cutting and barter will be the trend in the cloves trade, While Zanzibar is believed to have refused an offer of \$3,825. While Zanzibar is believed to have refused an offer of \$3,825 a tonne for some 1,100 tomes last December, Brazil, with less to lose from diminished receipts, accepted \$3,300 a tonne. Zanzibar finally bartered 6,000 tonnes of its 1994 crop with Indonesia for \$3,100 a tonne. The island will receive rice, wheat-flour and bitumen in the exchange, which is clearly the exchange, which is clearly an attempt to woo back the

Indonesians.

With earnings on the wane and de-luxe, low-oil, Zanzibari cloves selling for the same price as common grinding cloves. Indonesia could well succumb for a few seasons, thus provid-ing its consumers with a more satisfactory smoke.

In the face of such a grim outlook for producers, only a concerted cutback in production could stabilise prices.

But this seems further away than ever. The glut comes at a time when both Madagascar and Zanzibar have embarked on

extensive rehabilitation pro-grammes, backed by higher producer prices, free sacks and seedlings. Both countries are aware of the need for diversification, but both have few alternative options, apart from fisheries and tourism.

If the price continues to fall,

it will begin to look like Madagascar and Zanzibar have been throwing good money after bad.

## Krugerrand fears help Canadian coin

ther sources, \$ per lb V<sub>2</sub>O<sub>2</sub>, cif, 225-230.

URANIUM: Nuexco exchange alue, \$ per lb U<sub>2</sub>O<sub>2</sub>, 14.25.

Victoria saign that maple lead precious metals company one-third higher than in 1984.

He estimated that theh Maple confirmed that sales of one-leaf's share of gold coin pursuance Malpe Leaf's and Kruger-

THE THREAT of a U.S. ban on imports of South African market for both the Canadian Krugerrand gold coins has significantly lifted demand for the Krugerrand's main competitor, the Canadian Maple Leaf.

Mr James Corkery, master of the Royal Canadian Mint in Ottawa said that Maple Leaf sales so far this year are about one-third higher than in 1984.

Mr Halm Posnick, assistant vice-president at the New York also so far this year are about one-third higher than in 1984.

Manfra, Tordella and Brookes, confirmed that sales of one-third higher than in 1984.

Chases in the U.S.—the biggest rands are now roughly at parity, according to Miss Christine Dahl, head metals trader at Deak Perrera International in New York, "people are getting a little nervous at the possibility of restrictions on imports of Krugerrands. A lot of people are interested in trading Rrugerrands in for Maple Leaf and Krugerrand.

The Maple Leaf has received a boost from the reluctance of Rrugerrands in for Maple Leafs."

The U.S. House of Represen-

26.90 26.58 26.38 26.18 25.95 25.75

25,47 26,32 28,11 25,90 25,71

GOLD 100 troy oz, \$/troy az

advertise

#### **LONDON MARKETS**

BASE METALS LME prices supplied by Amalgamated Metal Trading

| Cash  | 842       | -3                 | 865:847                   |
|---|-----------|--------------------|---------------------------|
| 3 months  | 860,5     | -61                |                           |
| Official<br>(829-1) ti<br>settlement<br>864-5. Tu | 829 (821) | hs 850-<br>Final K | 1 (842-5).<br>Cerb close. |

### **COPPER**

| Highor grade         | Unoffic '            | +or H            | igh:Low              |
|----------------------|----------------------|------------------|----------------------|
| Cash<br>Three minths | 1127.5<br>1138       | -8.5<br>-9 1     | 126.1123<br>142:1119 |
| Official clos        | ing (am)<br>three in | . Cash<br>lonuhs | 1123.5-4.6<br>11345) |
| (1120 5-21)          |                      |                  | 5 (1113)             |

Official closing (am): Cash 118-7 -1105-8) three months 1120-1 (1108-9). sertlement 1117 (1106). Turnover 18975 tonnes U S Producer prices 67,71 cents per pound

### LEAD

|   | close p.m   | ., <del>-</del>                  | l girtes                             |
|---|---|----------------------------------|--------------------------------------|
| Cash<br>5 months                        | 295,5<br>301,5  | -8,5<br>-0,2                     | 298,5/298<br>308,307                 |
| (292 5-3 5:<br>.5) sottle:<br>close 300 | closing (<br>), three m<br>ment 293 (<br>) 22 Turr<br>19.21 cer | ionths 3(<br>(293 5)<br>iovar 68 | )2-5 (297<br>Final Kerl<br>25 tennes |

|                           | close p.n      |                     | High/low  |
|---------------------------|----------------|---------------------|---|
| Cash<br>3 months          | £4370<br>£4335 | 5<br>!40            | 4551:4550<br>4560:4505                                |
| (4335-40).<br>5), settler | three mo       | inths 432<br>(4540) | sh 4345-5<br>10-5 (4300-<br>Final Korb<br>120 tonnes. |

| High grade                             | Unofficia<br>close p.n<br>E per | n. —      | High:/low<br>for day      |
|--|---------------------------------|-----------|---------------------------|
|  | £9520<br>£9475                  | -5<br>-82 | 9530:950<br>9455:944      |
| Official<br>(9450-5), 1<br>5), eartier | mree mon                        | ths 9459  | seh 9500-1<br>j-60 (9403- |

| Official closing<br>(9440-5), threemor<br>sottlement 9500 (<br>close, 9485-99 T<br>Straits tin M\$29.26 | iths 9450<br>9445)<br>urnover: | -5 (9403<br>Final K | l-5).<br>(erb |
|---|--------------------------------|---------------------|---------------|
| ZINC  |                                |                     |               |

|                           | Official<br>close p.m.)<br>£ per to     | _                | High: low                 |
|---------------------------|---|------------------|---------------------------|
| Cash<br>3 months          | 597<br>608                              | -8<br>-5         | 619:606                   |
| (595-6). 11<br>sottlement | closing (ar<br>tree months<br>595 (598) | 605 S<br>Final I | -6 (605-6).<br>Kerb close |

# MAIN PRICE CHANGES

|          | Unofficial<br>close p.m.<br>£ per to | - ( | 'High /low |
|----------|--------------------------------------|-----|------------|
| Cash     | 842                                  | -3  | 865:847    |
| 3 months | 860,5                                | -61 |            |

| Higher grade                                  | Unoffic '            | +or              | High:Low               |
|---|----------------------|------------------|------------------------|
| Cash<br>Three m'nths                          | 1127,5<br>1138       | -8.5<br>-9       | 1126.1123<br>1149.1119 |
| Official clos<br>(1112 5-31,<br>(1120 5-21) : | Lhree n<br>Lettlemen | nonuhs<br>t 112: | 11345}                 |

|                  | close.p.m                             | ., -      | -ligh-low                       |
|------------------|---------------------------------------|-----------|---------------------------------|
| Cash<br>3 months | 295.5<br>301,5                        | -8.5      | 298,5/298<br>308/307            |
| 1292 5-3 51      | , three p                             | conths 30 | sh 298 5-9<br>)2-5 (297         |
| close 300        | ment 293  <br>192   Turi<br>19.21 cei | sovar 68  | Final Kerb<br>25 tennes<br>gund |

| NICKEL        |                             |                         |         | l        |                   |          |
|---------------|-----------------------------|-------------------------|---------|----------|-------------------|----------|
| _             | Unaffic<br>close p<br>L' pa | ial +<br>.m.<br>er tonn | _       | H        | gh/low            | <u> </u> |
| ash<br>months | £4370<br>£4335              | - ! -                   | 5<br>40 | 45<br>45 | 1:4850<br>60:4305 | ١.       |
| Official      | claina                      | (am):                   | Car     | sh       | 4345-5            | ١,       |

| High grad        | e Unofficia<br>close p.n<br>£ per   | 11. —    | High:/low<br>for day      |
|------------------|-------------------------------------|----------|---------------------------|
| Cash<br>3 months | £9520<br>£9475                      |          | 9530:9500<br>9455:944     |
| (9450-5).        | elosing (<br>three mon<br>mont 9510 | ths 9459 | seh 9500-1<br>5-60 (9403- |

# 9520 -5 9475 -80 9520 9445

|                           | Official<br>close p.m.)<br>L per to     | _                | Kigh: low                 |
|---------------------------|---|------------------|---------------------------|
| Cosh<br>3 months          | 597<br>608                              | -8<br>-5         | 619:606                   |
| (595-6). 11<br>sottlement | closing (ar<br>free months<br>595 (596) | 605 S<br>Final I | ·8 (605-6).<br>Kerb close |

Western: 45.5/47.5 cents per

..... £1100 ..... £1100

| ree Mkt        | \$1065/115 |        | S1150/  | 80 |
|----------------|------------|--------|---------|----|
| ODDEF          | l          |        |         |    |
| ash h Grade    | £1128      | + 15.5 | £135£   | 7  |
| 3 mths         | £1138.5    | +17    | £1227   | .5 |
| old tray oz    | 8315.75    | -0.76  | \$314.  | 5  |
| ead Cash       | £298       | +4.5   | £314,   | 25 |
| 3 mths         | £301.75    | +4     | £310.   | 25 |
| icke i         |            |        |         |    |
| ree Mkt        | 250/280c   |        | 245/27: | ic |
| alladium oz    | 899.60     |        | 8112.   | ٥Ū |
| latinum oz     |            |        | 3270.   |    |
| ulcksliveri.   |            |        |         |    |
| iver troy oz . | 474,60p    | -4.30  | 509.1   | 5z |
| 3 mths         | 488 705    | _4 BS  | 524.4   | 5, |
| in cash        | C0522.5    | + 87.5 | £9621   | 5  |
| 3 mths         | £9477.5    | - 66   | F9647   | 5  |
|                |            |        |         |    |

# Tungsten. 579.03 ... \$74.36 Wolfram 22 04lb \$61.65 .... \$68.71 Zinc ... £597.5 + 3.5 £718 3 mths ... \$608.25 + 2.75 £715 Producers ...\$380 .... \$366

# \$3161<sub>2</sub> 316 (£2461<sub>4</sub> 2471<sub>4</sub>; \$3161<sub>4</sub> 3161<sub>4</sub> (£2461<sub>2</sub> 247) ... \$416,25 (£245 726) ... \$315,65 (£245,795)

### GOLD AND PLATINUM COINS

| Kra'r'nd   | 832510-32614  | £2541g .2551  |
|------------|---------------|---------------|
| le Krug.   | 816712-16814  | (£131 1311g)  |
| 4 Krug.    | 58514-86      | (£66'4 67'41  |
|            | 8:44 354      | (£2714-271g)  |
|            | 532812 32612  | 125412 2551   |
| New Sov.   | 574% 754      | ريد581 و1951: |
| 12 New Sov |               | (£354-354)    |
| Old Sov.   |               | (£591: 60%)   |
|            | 6450 490      | (£352 383 la) |
| Noble Plat | \$278ig.281ig | (£2161g-219)  |
|            |               |               |
|            |               |               |

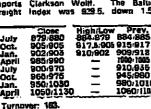
### SILVER

spot 610 Sc. down 10.1c; three-month 622.1c, down 10.5c; six-month 634 2c, down 11c; and 12-month 681c. down 12.2c The metal opened at 477.4800 (612-615c) and closed at 4767-479-20 (608-612c).

| SILVER<br>per<br>troy | Bullion<br>fixing<br>price |       | L.M.E.<br>p.m.<br>Unoffic'i | + |
|-----------------------|----------------------------|-------|-----------------------------|---|
| pot                   | 474.60p                    | -4,30 | 478.5p                      | _ |
| months.               | 488.70p                    |       | 493 25p                     |   |
| months.               | '502 40p                   | -6.0B | -                           |   |
| 2months               | 529,60p                    | -5,65 |                             |   |

Three months high/low 493.5, final terb 491.5-3.5.

## FREIGHT FUTURES



OTHERS

# 1735.5 ... £1846.5 12079.5 + 10 £2198.5 153.60c ... 58.00c 15214.75 ... 5216 1640 ... 65.25p 1588v ... 1886 460pkilo ... 475pkilo † Unquoted. x May-June July. w Sept. y July. Reak c Cents per pound.

## **GRAINS**

July wheat came under further long liquidation to reach a contract low below rallying late in day on profittaking New crop wheat rose slightly remained around unchanged fevels, but feiled to follow through and Barley was a touch steeder in duil trading, reports Muirpace.

# 97,95 — 101,65 — 105,15 — 108,20 — 110,85 — 116.80 98.25 101.55 105.30 108.60 112.10

# 8usiness done—Whest: July 178.80. 6.05, Sept 96 20-8.05, Nov 101.90-1.45, Jan 105 40-5.25, Mar 108 65-8.45, May 112 25-1.95. Sales 343 lots of 100 tonnes Barley: Sept 97.90-7.80, Nov 101.55-1.45, Jan 105.05 only, Mar untraded, May 110.90 only. Sales: 25 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. dark northern apping no 1 15 per cent July 140 25. Aug 138.10, Sept 137.25. Oct 139.65 sellers transhipment eest coast. U.S. no 2 soll red winter July 122.50. Aug 125.25. Sept 127.25. Oct 128.25 sellers EC harvest 119 quoted. English feed fob June 120.50, Oct/Dec 104, Jun/Mor 110 sellers. Maize: U.S. no 3 yellow/Franch transhipment eest coast. June 147.50 sellers. Berley: English feed fob June 117. Aug 98, Oct/Dec 104.50, Jen/Mar 110.50 sellers east coast. Rest unquoted.

Despite lower sterling robusts prices failed to register significant gains when met by trade hedge selling, reports Drexel Burnham Lambert. Although there was persistent buying from U.S. operators as the sterling rate eased, values remained under pressure until sha close.

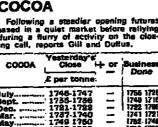
## Salas: 2,572 (1,128) lots of 5 tonnes ICO Indicator prices (U.S. cents per pound) for June 3 Comp daily 1979 131.74; 15-day average 131.85.

#### INDICES FINANCIAL TIMES May 31 May 30 Mith ago Yearago

(Bage: July 1 1952 = 100) 1775.5 1798.5 1884.9 1967.5

May 14 May 13 M'th ago Yearago 921.9 923.9 - (Base: December 31 1931 = 100) DOW JONES Dow May May Month Year Jones 30 29 ago ago

# (Base: December 31 1974 = 100)



# ICCO indicator prices (U.S. Cents per pound) Daily price for June 4: 95.40 (95.79); five-day average for June 5: 95.75 (95.83).

# SUGAR The market appeared to be devoid of buying interest at overnight levels and losses of \$3 were recorded before support was uncovered, reports C. Czarnikow.

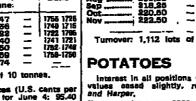
# 89.2-88.8 88.2-88.6 99.6-108.0 115.0-116.6 117.8-118.8 124.0-124.6 129.0-160.0 Sales: 3,215 lots of 50 tonnes.! Tate and Lyle delivery price renulated basis augar was £172.

# şoyabean meal

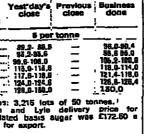
# 279.98 280,14 296,30 312,49

| SPUI PRICES       |   |                  |
|-------------------|---|------------------|
|                   | Latest  | Change<br>+ or - |
| CRUPE OIL-FOB (\$ | per barrel)   | - June           |
| Arab Light        | 26,60-26,70<br>25,10-35,20<br>26,80-25-40<br>26,75-26,80<br>27,40-27,50<br>26,50-26,60<br>25,50-26,00 | -0.10<br>-0.10   |
| PRODUCTS-North    | West Europe   | . ·              |

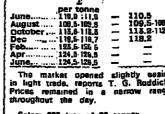
| leavy fuel oil |   |  |  |  |
|----------------|---|--|--|--|
| •              | Petroleum Árgus estimat                 |  |  |  |
| AS OIL         |   |  |  |  |
| Month          | Yest'day's + or Busines<br>Close — Done |  |  |  |
|                | per tonne                               |  |  |  |



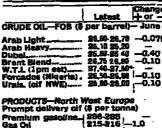


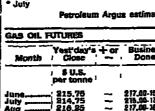


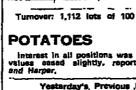
# International Sugar Agreement (U.S. cents per pound tob and stowed Caribbean ports.) Pricas for June 3: Daily price 2.79; 15-day sverage 2.81.

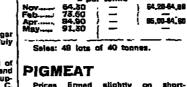


# Traders saw the spot crude market as fundamentally weak. Snent traded actively at declining prices. Nymex opened 18c down for July and traded 4c down at 1 pm EST. In the patroleum products market good supply and low end-user demand further weakened gas all prices. High sulphur resistant to lower levels despite the absence of buyers—Petroleum Argus, London.









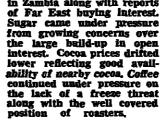


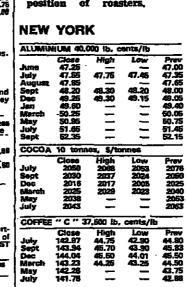
(~1.55). SAUTH-IELD—Pence per pound. Beeft. Scotch killed sides 77.0 to 82.0: English hindyuarters 94.0 to 97.0, forequarters 52.0 to 54.0; Ulster hindquarters 94.0 to 96.0. Veal: Dutch hinds and onds 138.0 to 144.0. Lamb: English smell 90.0 to 96.0. medium 88.0 to 92.0, heavy 98.0 to 88.0; Imported: New Zealand Pt. 65.5 to 67.0, PX 64.5 to 66.0. Pork: English under 100 ib 49.0 to 57.0, 100-120 ib 51.0 to 54.5, 120-190 ib 42.0 to 48.0.

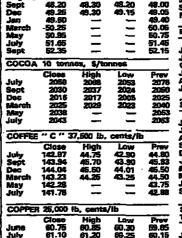
MEAT COMMISSION-Average

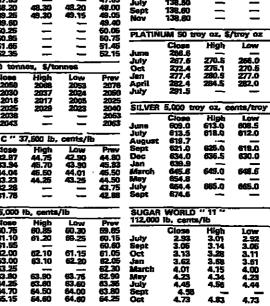
RUBBER PHYSICALS—The London market opened slightly steadier, attracted covering interest throughout the day and closed on a quietly steady note, reports Lawig and Past Closing prices (buyers) apot 64.00... July 67.00c. August 67.25g The Kwels Lumpur lob price for RSS No 1 was 67.00c; cents a kg and for SMR 20 was 178.5. **U.S. MARKETS** HEATING OIL declined as traders' expectations con-tinued to lean towards the probability of lower crude prices, reports Helnol Com-modities. The uncertainty surrounding the special Opec meeting was interpreted as indicative of Opec's inability to hold the benchmark prices. CRUDE OIL (LIGHT) 42,000 U.S. gallons, \$/barrels

Maize and the soyabean coming. Wheat prices rallied on expectations of an export paywell as on heavy rains in the hard winter wheat harvest areas. Precions metals came under modest pressure in response to concerns over oil prices along with strength to the dollar. Copper firmed in response to labour disruption in Zambia along with reports of Far East buying interest. Sugar came under pressure









## OTHER MARKETS

## Prev 274.2 257.2 262.6 261.6 266.4 253.0 PORK BELLIES 38,000 lb, cents/lb SOYABEAN 5,000 bu bushel Close 562.4 554.4 549.0 552.2 561.6 571.0 579.0 584.0 Low 560.0 562.4 546.4 548.4 568.6 569.0 577.0 582.0 Prev 584.4 557.2 552.4 564.6 574.4 962.0 587.0 July August Sept Nov Jan March May July URANGE JUICE 15,000 lb, cents/lb Lc.w 41.25 39.00 38.65 36.90 39.00 SOYABEAN MEAL 100 tons, \$/ton 121.9 124.8 127.7 132.8 135.3 140.0 143.5 147.9 July August Sept Oct Dec Jan March May July SILVER 5,000 troy oz, cents/troy oz Prev 615.7 619.0 622.7 626.5 638.6 642.9 651.2 669.8 680.0

**WOOL FUTURES** SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg, July 630.0, 634.0, nil: Oct 625.0, 630.0, 626.5-628.0; Dec 626.0, 633.0, 633.0-632.5; May 638.0, 660.0, nil: July 642.0, 650.0, nil: July 642.0, nil: July 642. HIDES—Birmingham (Manchester). Second clears. Ox: 31-35.6 kg. 90.0p a kg withdrawn (94.6p withdrawn); 26-30.5 kg. 105.7p a kg (105.0p); 22-25.5 kg. 116.0p a kg (118.1p). Cows: under 26.5 kg. 112.1p a kg withdrawn (118.0p)

> LIVERPOOL—Spot and alipment sales amounted to 19 tonnes Minor contracts were under review but support was mentioned in Australian SUGAR--(FFr per tonne): Aug 1270-1275, Oct 1284-1286, Dec 1202-1215,

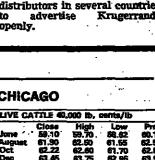
COTTON

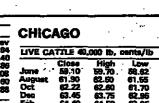
WHEAT—(U.S. S. per tonne): U.S. two soft rad winter July 139, Aug 142. Sept 145. Oct 145 sellers U.S. two northern spring 14 per cent protein spot 177, June 1-15 169, June 165 80, July 184.80. Aug 162, Sept 159.50. Oct 162. Nov 165. Dec 167.50 sellers U.S. northern spring 15 per cent prowin June 179.50. July 175, Aug 172 50. Sept 170, Oct 172.50 sellers U.S. three hard ember durum June 174, July 172. Aug 170, Sept 163. Oct 167, Nov 170 sellers.

Bull Hereit

country

rossroa Flory Walker





77.50 27.48 LIVE HOGS 30,000 lb, cents/lb

26.44 26.44 26.26 25.06 25.89 MALZE 5,000 bu min, cents/56th

Prev 317.0 318.6 320.3 324.0 328.0 332.3 346.5 346.2 361.1 366.4 362.1 368.0 Close 273.6 256.2 252.0 261.2 266.4 266.4 262.2 High 274.0 256.5 252.4 261.4 266.4 252.2

SPOT PRICES—Chicago loose 18:00 (same) cente per pound. York the 559-0-520 (581-0-58-0) per pound. Handy and Herntan bullion 608.5 (607.0) cente

Merch 1355-1361, May 1400-1415, Aug 1470-1485. COCOA—(FFr per 100 kg): July 2030-2080, Sept 2023-2025, Dec 1988-2033, Merch 2025-2040 Mey 2040 bid, July 2040 bid, Sept 2040 hid.

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Urgently needed reforms, falling national income and massive investment requirements will prove a formidable test for a new government economic team

## Country at the crossroads

By Tony Walker

PRESIDENT Hosni Mubarak of Egypt is at a crossroads in his administration. Deteriorating economic circumstances, mostly outside Egypt's immediate control, threaten past achievements. The next 12 to 18 months are likely to prove a significant test.

Egypt's main sources of foreign exchange — oil and remittances from expatriate workers, are being squeezed by the worldwide recession. The country is short of hard curcumtry is short of hard curcumtry is short of hard curcumtry in the country in the count system, which ended in failure after weeks of confusion and contributed to the downfall of Mr Mustapha Said, the former moment in its development requiring massive investment in plant and urban renewal.

Mr Mubarak has the test persuading the former moment in the development in plant and urban renewal.

Mr Mubarak has the test persuading the former moment in the former minister of the Economy.

Mr Mubarak has the task of persuading Egyptians to accept a period of ansterity. Price increases are unavoidable increases are unavoidable except at the cost of further undermining a shaky economy.

Mr Mubarak is well into the fourth year of his presidency and more critical judgments are being made about his presidence. performance. He is given credit for healing the wounds of the turbulent Sadat years, but more it can ill afford it. Investor is expected of him than a demonstration of powers of local business was shaken and the demonstration of powers of local business to the demonstration of powers of local business the demonstration of the demonstration of powers of local business the demonstration of local business the local business the demonstration of local business the demonstration of local business reconciliation.

policy and drawn closer to the new team of ministers involved. He is now a more visible leader. His aim, it appears, is to show concern about the economy. Critics would say this is none too soon.

he is becoming a more populist figure. His May Day address showed a confident and assertive president, who on occasions displayed flashes of humour. The edges of a dour image may be softening.

Mr Mubarak sought to answer criticism that he had delayed too long in removing Mr Said. The president's reasons were honourable, based on not wanting to prejudge the reforms before they were given a chance, but the episode left the impression of indecision.
This episode has been dam-

moved to despair by import The president has shown he is conscious of these expectations. He has become more actively engaged in economic said affair, the hands of Prime Cabinet Affairs Minister, have

Both men are committed to only 4 p liberalising the Egyptian economy, and both have a disregard for the more stifling bureaucratic restrictions on business activity. It remains to be seen whether they can succeed where others have failed in cutting regulations in talks viving for investors. for investors.

The prime minister, a decepo show concern about the conomy. Critics would say this some too soon.

There are subtle signs that it becoming a more populate it is becoming a more populate of in the business community. A period of bad health late last year (he has an arthritic condi-tion) coincided with a palpable impression of drift in the Government that extended into the first months of 1985.

Mr Mubarak appears to have assembled a sounder ministerial team than in his first three years in office but obstacles are now more formidable because of the economic squeeze, and time to deal with looming problems

may be short.

Few decisions will be easy.

Many will involve the nature of the Egyptian system itself, been made.

increases have been substantial.
Less creditable has been the Government's effort to restrain Government's effort to restrain
population growth, which is fundamental to the success of Cairo, such as the construction It has been a lively year for the its ambitious development programme and ultimately to the in danger of being dissipated national Democratic Party

appears sincere in his desire to significant Christian Coptic minority.

Significant Christian Coptic minority.

The gains from Mr Mubarak's minority.

The gains from Mr Mubarak's minority.

The Government bought time were not immediately apparent, but the U.S. decision to lend its

Minister Kamal Hassan Ali and maintenance of social stability. his assistant Dr Atef Ebeid, the Population growth is estimated Cabinet Affairs Minister, have to be 2.7 per cent, or an extra almost certainly been streng- im mouths to feed every nine beined.

Both men are committed to only 4 per cent of Egyptian ecomy, and both have a disre-

Under these circumstances family planning should be an absolute priority for the govern-ment. Although Mr Mubarak talks vividly about the problem, this does not appear to have been translated into a concerted, nationwide birth control

In his May Day speech he spoke approvingly of recent economic developments in China, whose success in achieving virtual food self-sufficiency would not have been possible without a measure drive to rewithout a massive drive to restrain population growth.

Egyptian ministers bristle when China's birth control example is mentioned because it evokes images of coercion. The real success of the Chinese programme is in large measure attributable to a system of economic rewards for restricting

constructed over several keep television programmes decades of socialist administration. Reforms of the pricing structure fashioned in another a panacea for a problem that era are painful. It is to Mr threatens to wipe-out hard-won the made a start has some 2m new houses will be economic gains.

Some 2m new houses will be

There have been modest needed by the end of the increases in the prices of century, based on a population many state-controlled com-estimated to be 65m by then. modities and services and in At the present rate of ation is being carried forward some cases, such as electricity, growth, Egypt will exceed that even though last May's elections population target by as much as 10m.



President Hosni Mubarak has become more active in economic policy and is now a more visible leader

under the population burden. It seems, for the most part, not to is a constant source of amazement that Egyptians from all majority in the People's sections of the community do Assembly. not appear more exercised about the problem.

attributable to a system of economic rewards for restricting family size and to an energetic education effort.

It may be a creative device for the Egyptian authorities to keep television programmes late into the night to discourage procreation, but this is hardly a panacea for a problem that threatens to wipe-out hard-won economic gains.

Some 2m new bouses will be about the problem.

In spite of population pressure, Mr Mubarak's administration is making progress in urban renewal. Cairo's appalling traffic problems have been eased and phone calls to most constituting traffic problems.

In spite of population pressure, Mr Mubarak's administration is making progress in urban renewal. Cairo's appalling traffic problems have been eased and phone calls to most constituting traffic problems. of the world's most congested cities reflect real gains for

thousands of slum-dwellers. Egypt's process of democratiswere less free than the president might have wished. Mr Mubarak Gains from massive rehabilita- appears sincere in his desire to

Democratisation has yet to be really tested. Mr Mubarak's three years in office have been marked by an impressive degree of social harmony, to which the president's self-effacing style has contributed.

#### Imposition

But challenges are there, notably from the fundamentalist trend which appears to be gathering strength. The Government has skilfully avoided confrontation, but it may not be able indefinitely to put off the day when a stand will have to be taken against demands that threaten Egypt's fragile social compact between the Moslem majority and the

#### Profiles: Sultan Abu Ali Economic Reform Aly Negm Banking Atef Ebeid Industry **Fundamentalists** The Nile Agriculture Economy Assistance Subsidies Infrastructure Oil and Gas Tourism Power Generation 4 Business Guide

Contents

Moslem code.

Debate in parliament was vigorous and a number of representatives, including those from the National Democratic Party, walked out when the vote was taken. There was a feeling that Dr Rifaut Maghoub, the Speaker of the assembly, may have handled things "a little too firmly," as one observer put

Fundamentalist pressures seem unlikely to dissipate and Fundamentalist a worry for the Government is that economic hardship will encourage an outgrowth of extremist activity and sentiment. Imams, in their Friday exhortations to the faithful, are more political. Egypt's problems are often attributed to Western

Among middle class Egyptians, particularly for those who have lived elsewhere and returned to find more visible symbols of the trend in dress, attitude and religious observance.

In foreign relations it has been a satisfactory year. Mr Mubarak has emerged as an international figure and Egypt has moved appreciably back towards the Arab mainstream.

The "Mubarak initiative" of February, which suggested a first-stage dialogue between the U.S. and a Jordanian-Palestinian delegation, has been helpful, and may open a corridor to direct Arab-Israeli talks on the West Bank and Gaza Strip.

calling for imposition of Islamic weight to new attempts to law by having the matter revive the stalled peace process referred for review by shows that note was taken of committee, to see where the Mubarak message about the Egyptian laws differed from the dangers of the Reagan Administration adopting a "defeatist" attitude towards the Middle

> Egypt's interest in seeing a revival of peace moves is not altogether altruistic. Like King Hussein of Jordan, Mr Mubarak recognises the threat to moderate regimes in the region as long as the Arab-Israeli conflict is unresolved.

#### Pressure

A modest start in the long haul towards a settlement would also provide a pretext for Egypt to warm its relations with Israel —frozen since the Israeli invasion of Lebanon in 1982 and subsequent massacres by Phalange militiamen at the Sabra and Shatila Palestinian refuses carm. refugee camp.

Egypt is under pressure from the fundamentalist trend is a Washington to normalise rela-frequent topic of conversation, tions with Israel to encourage a better atmosphere for a revival of the peace process and to demonstrate to sceptics in Israel that there are benefits in a more flexible attitude towards com-promise.

Mr Mubarak and his advisers will not wish, though, to squander diplomatic gains in the Arab world by rushing to embrace Israel's Prime Minister, Mr Shimon Peres, without tangible signs of Israeli flexibility on the Palestinian question and in a dispute over territory in the Sinai.

Achievements in policy, even in the Middle East with all its complexities, are easier than economic progress in a country whose problems are an accumulation of decades of

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Tony Walker and Margaret Hughes profile three key members of the Government's economic management team

## Unknown starts fence mending

ONE OF the less enviable jobs in the Government is held by Mr Sultan Abu Ali, judging by the casualty rate among his predecessors. Egypt has an abundance of sters of the econe brought down by political changes, minor scandals or perceived policy failures.

The new Minister of the Economy takes over at a challenging moment. Economic indicators are negative and the Government's credibility in the economic sphere has been strained by its mis-

Mr Abu Ali, who had som fence-mending to do with the business community, is thought to have made a sound start in the month or so he has been in office. One of his first actions was to overturn currency regu-lations introduced by his predecessor that disrupted Egypt's foreign exchange

Tall and courteous, the new minister has a repu-tation as a methodical

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worker. "Under Sultan, there are unlikely to be any big surprises," said a leading Egyptian banker. Mr Abu Ali is certainly a

contrast to his predece the abrasive Mustapha Said, whose individualistic style made him the butt of carton-lists, and the despair of many. Mr Abu Ali described his immediate priorities as the revision of pricing policies and

SULTAN ABU ALI

to raise efficiency of public sector companies to encourage a net rate of return for the sector overall of 6 per cent. As the former deputy head of the Investment Authority, established to encourage new investment in Egyptian enter-prises, Mr Abu Ali has an interest in improving the climate for foreign investors, The new minister is critical of what he describes as the "in-credible artillery" of laws and regulations that constrain foreign investment.

He is disappointed at the

relatively low level of direct

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foreign investment, particu-larly from the U.S. and Europe which amounts to about \$1.500 since the "open door" policy was instituted in the mid-1970s.

Mr Abu Ali, whose early work experience was at the Alexandria Stock Exchange in the late 1950s, wants to revitalise capital markets as part of a general strategy to expensive on new investment. encourage new investment.

The new minister is something of an unknown. His brief tenure at the Investment Authority (he was appointed deputy chairman in August 1984) earned mixed reviews.

There are two views of Mr Abu Ali, said a foreign hanker. One is that he is "bright, open-minded and business-oriented: the other is that he is slow in making decisions."

The minister has a doc-torate from Harvard, served as an economic adviser to the Kuwait Development Fund from 1973 to 1978 and was professor of economics at Cairo's University.

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Sultan Abu Ali: Economy



Aly Negm: Central Bank



Atef Ebeid: Cahinet Affairs

## Wrestler bears new burdens

MR ALY NEGM, the newly appointed Central Bank Governor performed this role.

has finally taken on the mantle which the banking community career "living day-by-day" which the banking community has long bestowed upon him. During his many years as deputy governor, bankers and others in the financial and business community consulted him, irrespective of who might have

He has been both the power behind the throne and the pub-lic face of the Central Bank. It has always been Mr Negm who has negotiated with the International Monetary Fund (for which he once worked) and other international institutions. His previous superiors

have remained shadowy figures. Mr Negm is well liked and respected by the banking com-munity, including its foreign members, who have found in him an understanding and responsive—if not always sympathetic—ear.

A man who has long lamented the "lack of teeth" given to the Central Bank, he takes up his new position at a time when it appears that the institution is to be given greater autonomy and power. It will no longer be answerable to the Minister of Economy: Mr Negm reports directly to the prime minister and the new Economic Advisory. and the new Economic Advisory

The power struggle is far from won, but bankers view both his appointment, and the freeing of the bank from the tentacles of the Ministry of Economy, as positive steps. They are more hopeful that the Central Bank may become a bander's bank rather than simply a tool of government economic policy.

Having been in his job for only weeks since his predecessor signed with the Minister o Economy, he already seems a little more weary, but that is hardly surprising. He is under knows the kimited extent to which he can delegate; there are few who share his capabili-ties within the bank.

The appointment of a deputy will be crucial on this score, and the low public sector salary scale will be a major constraint.

As a former university westling champion and a rowing champion, his shoulders seem broad enough to carry his new burdens. Mr Negm has been with the Central Bank since its formation in 1960 and before that with the National

Egypt's problems, he says wryly. "They have not changed much, particularly the influence of politics on the economy," he

He considers that his background as a banker and sportsman have prepared him for his new job, combining patience ith a competitive spirit.

There is a view that if the Egyptian economy is to be over-hauled the Central Bank, like other public institutions, needs new blood with radical and

ALY NEGM

imaginative ideas. "Aly Negm has proved he is a good mechanic," runs the argument but will he be as good an

That said, the consensus remains that he is the right man at this time. His knowledge of both the bank and its staff give him the best chance of muster-ing the best team that such an entrenched institution can come up with.

As one banker said, now is not the time for "whiz kids." That may come later when the economy emerges from its

He considers his first priorities a review of bank regulations—particularly those on banking and credit—combined with a review of the interest rate structure and the unification of the exchange

In terms of bank regulation he will be looking at the position of Islamic banks. Egypt has two Islamic banks while some branches of the Banque MISR public sector bank are operating on Islamic or "Sharia" principles.

These claim that the credit

and deposits criteria of the bank regulations should not apply to them as they do not extend loans or take deposits. Mr Negm, an observant Muslan, does not appear convinced but is considering alternative regu-

is responding to the request of bankers that the interest rate ceilings be lifted and, in par-ticular, the structure which enables banks to get a higher return on short-term trade lendfor agriculture and investment.

A long-time advocate of a unified exchange rate, Mr Negm

is doping that agreement can be reached quickly with the IMF for a standby facility as a cushion to allow the Egyptian pound to float freely. He will also be seeking funds elsewhere.

## Efficiency expert a force for reform

management consulting prac-tice to serve as Minister of Cabinet Affairs, Mr Atef Ebeid has emerged as a key figure in

Mr Ebeid's name is increasingly mentioned as the force behind new administrative measures and conomic reforms. He is close to Prime Minister Kamai Hassan Ali and is said to have won the confidence of the president, for whom he plays a troubleshooting role.

A prominet Egyptian banker with a number of years of experience in London described Mr Ebeid as "very bright" and a man who, if given the chance, could achieve significant prac-tical results.

An unassuming figure in his mid-50s, Mr Ebeid disclaims an interest in politics, recalling that when he was at university in Cairo in the early 1950s he stayed in the library studying while fellow students were

rioting on the streets.

Mr Ebeid sees his function as co-ordinator of Cabinet decision-making. He likens his office to a clearing house for policy recommendations before they are presented to the Govern-

His other task is to improve the bureaucracy. He admits that the quality of service and performance of public administra-tion is often unacceptable and blames this on neglect and lack of resources over many years.

An efficiency expert with a doctorate from the University of Illinois in business studies.

Mr Ebeid is setting an example of hard work. He claims not to have had a day off since last July.

Mr Ebeid describes himself cal policies such as stopping

Other plans involve public service authorities raising fees and retaining a percentage for distribution as bonuses. He describes this as a "kind of privatisation," and says it will be introduced in the 1985-86 Budget. Sections of the bureaucracy selling services to the public will be allowed

the employment of university

graduates by quota in the public

LESS THAN a year after being to keep 75 per cent of extra revenues, while 25 per cent revenues, while 25 per cent of extra revenues, while 25 per cent of extra

"disintegrate" the manument the vast bureaucratic manus leum in the centre of Csiro which performs basic administrative chores at glacial speed, such as issuing work permits and immigration docu

ATEF EBEID

Mr Ebeid's importance in the government goes beyond his responsibility for its " muts and responsibility for its "mits and bolts" functions. Together with the prime minister and several of the results-oriented younger ministers, he represents a sig-nificant new element in the administration willing to contemplate radical solutions to traditional problems.

These ministers want an increased role for the private sector and greater efficiency in the sprawling public sector.

"We plan to allow gradually the market forces to allowers. for market forces to allocate resources in such a way that resources in such a way that will guarantee social stability."
Mr Ebeid said. "Prosperity exists not through the redistribution of wealth but in

setting more people to increase productive activity." Public sector managers must make their enterprises profit-able through financial incen-tives. Failure would be penalised

Jakrioraticas

THE PERSON NAMED IN

as well-off, and says that when asked to serve in the Govern-ment the choice was between added wealth if he had stayed in private practice or " making a possible contribution to my

country." He gained his doctorate in 1962 and returned to Egypt as professor of management at Caino University until 1984. In 1974 he established his own business, which he described as "my happiest experience."

## Ground given away to conservatives

**Fundamentalists** KATHRYN DAVIES

MOSLEM conservatives campaigning for the full implementation of Sharia (Islamic laws), in Egypt, were recently rebuffed when the majority of the People's Assembly voted against immediate change.

But there are signs that the Mubarak government is pre-pared to make concessions to the vociferous religious lobby by tightening censorship of what is termed "obscene" material in books, films and tapes, and giving ground on such issues s women's rights.

in April the Constitutional Court ruled that a law giving a woman limited freedom to divorce her husband was in-valid—a decision greeted with dismay by women's organisa-

The authorities also seem prepared to give ground on demands by the country's Islamic banks for their special needs to be accommodated. According to Mr Mahmoud el-Helw, Faisal Islamic Bank governor, "a constructive dia-logue" is taking place with Central Bank officials on key areas in which the Islamic institutions feel disadvantaged. Islamic banking concepts are prohibits ribe—literally, usury, or the payment of interest. Instead a depositor enters into a contract with the bank, accepting the risk that he will

accepting the risk that he will make a profit or a loss.
However, Egypt's Islamic banks are obliged to comply with secular banking laws which require them to leave 25 per cent of their capital on denselt with the Control Part deposit with the Central Bank. Mr el-Helw argues that if a depositor accepts the possibility of a loss, it is illogical for the bank to have to protect him by complying with the liquidity ratio demanded for Westernoriented commercial institutions.

Islamic banks do not regard money as a commodity to be hoarded or stored (which would conflict with Koranic in-junctions), so they tend to do 'lots of trade."

"lots of trade."

Egypt's banking regulations do not permit the banks to own fixed assets, such as land. Says this does not affect probut the Faisal Islamic Bank wants to purchase 17,000 acres of reclaimed land for an agroindustrial complex in which ordinary Egyptians would be invited to participate via a motivated one. invited to participate via a motivated one. restricted investment account. Islamic princ

ber of branches. Faisal, for instance, has 10 and wants to We have the largest num-Cairo bank has 300,000 clients,

far too many for individual attention," Mr el-Helw says.
"Ideally it should only have 30,000 to 40,000." Mr el-Helw, who

overnor last August afte career in international banking including a spell with the World Bank, believes the Central Bank will compromise, not least because Islamic banks are tapping funds from Egyptians using banking for the first time. In terms of acceptability the Islamic banks have made their mark with large numbers of middle- and lower-class people who had preferred to keep their money "under the mattress."

Even hig secular banks such as
MISR are opening Islamic units
to deal with demand.

Automated

The unexpected growth Islamic benking has led to management problems and controversies. Mr el-Relw says his priority is to computerise all the bank's operations and restructure manpower to offer a more efficient service. State more efficient service. Staff have been sent abroad for training, although "a solid banking background" is more important than a full understanding of religious precepts "which can be grasped in rather a short time," Mr el-Helw

says.
Even before Islamic banking a company on religious prin-ciples was set up by Mr Ahmed ciples was set up by Mr Anmed al Sharif. Today At Sharif Plastics is one of Egypt's most successful private ventures. He got round the need to borrow from commercial banks by asking school and university friends to invest in his enterprise, which started by produc-ing ballpoint pens, combs and plastic dustbins. Having started with simple

manually-operated machinery, Al Sharif Plastics automated to produce PVC products and diversified into detergents, nylon threads and edible oil. The company, now run by the founder's elder son, is coy about its profits, but admits they are increasing annually by more than 22 per cent. Al Sharif is now embarking on a E£300m expansion over five years and plans to add nine factories to its existing 13 and increase its \$,000 all male apprendictions to 5,000

all-male workforce to 5,000. Employees have time off to pray several times a day during working hours, but Mr Ahmed

Islamic principles have other

The Islamic banks also want implications for industrial rela-restrictions lifted on their numthe strict vertical relationship between boss and worker that exists in many Western busines

ber of accounts of any bank "The highest (man) stands in Egypt—1.2m. The main by the side of the lowest at the "The highest (man) stands mosque," he says.

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# SUMED Pipelines and Superports

### Savings in distance

The SUMED pipeline is a short-cut to European markets for crude oil from the Gulf,

Savings in time

The SUMED pipeline makes crude oil avallable at Sidi Kerir withm 13 days of loading in the Gulf. Considerable time savings are therefore postable in supplying Gulf crude oil to European markets.

#### Improved throughtransport economics

Large volumes of a single type of crude oil can e moved from the Gulf in bigger vessels than can e accommodated in the port of ultimate estination. Crude oil is offloaded into the pipeline at Ain Sukhna and lifted at Sidi Kerir in vessels European ports. By using the pipeline in this way, as a kind of superport or transshipment terminal, both large and small shippers of crude oil can optimize the use of their vessels and avoid the costs of two-port discharging or lightering at ports serving European refinerics.

Arab Petroleum Pipelines Co.



It is also possible for a large tanker to part-discharge its load into the pipeline at Ain Sukhna, transit the Canal part-laden and reload to its full

In this way, the SUMED pipeline and the Suez anal function as complementary facilities to aid Canal function as complementary facilities shippers in the optimal use of their vessels.

### Cargo flexibility

A single large tanker can load two different types of crude oil in the Gulf and discharge them into the pipeline system. Two smaller vessels can then lift the different crude oil types and make deliveries which meet the needs of individual European refineries, thus avoiding

Similarly, two large tankers can each load one type of crude oil to full capacity at different Gulf ports, thus avoiding two-port loading. Both crude oils can be simultaneously offloaded into the SUMED pipeline and lifted at the Mediterranean end by a variety of smaller vessels, each destined for a single European port.

#### Savings in inventory investment and storage costs

lextadria (Head Office)

P.O. Box 2056, Alexandria, Egypt

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As a result of distance and time savings and the flexibility which the pipeline makes possible, considerable savings can be achieved by users in tankage and inventory investment. Furthermore, smaller, more frequent deliveries of crude oil mean that shippers can respond better to fluctuations in refinery operations; shortages and surpluses are refinery operations; shorthus less likely to occur.

## Competitive tariff structure

The SUMED tariff rates are structured so that total through-transportation costs are competitive with those for other routes. Users of the pipeline

#### Security against disruption of services

The whole SUMED pipeline system is within the boundaries and under the jurisdiction of one country. Disruptions of pipeline services, such as those that have occurred on other systems, are

and operated by a company which enjoys a con-siderable degree of autonomy whithin the Arab Republic of Egypt. For example, SUMED has a fully independent administrative system and users fully independent administrative : of the line incur no port charges.

## **SUMED Pipeline Owners**

|  | 226         |              | Value (US |
|--|-------------|--------------|-----------|
| Aha Dhabi National Oil Co.<br>(ADNOC)                          | 6,000       | 15.00        | 60.0      |
| General Petroleista & Mineral<br>Organization of Saindi Arabia | 6,000       | 15.00        | 60.0      |
| (PETROMIN)<br>Kuwait Forden Trading                            | 5.690       | 14.22        | 56.9      |
| Contracting & Investment<br>Co.                                | -,          | -            |           |
| Kuwait Investment Co.<br>(SAK)                                 | 300         | 0.75         | 3.0       |
| Kowait Metal Pipe Industries                                   |             |              | 0.1       |
| Co.<br>Quar National Petroleum                                 | 16<br>2,000 | 0.03<br>5.00 | 20.0      |
| Corp.<br>Egyptian General Petrolema                            | 20,000      | \$0.00       | 200.0     |
| Corp. (EGPC)<br>TOTAL  | 49.504      | 100.06       | 400.5     |

Alexandria (Operations) 16 Syria Street, Rushdi, P.O. Box 2056, Alexandria, Egypt Tel: 843940/842975/844939 Telex: 54108/54033 SUMED UN

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Time passed for prevarication

EGYPTS ECONOMY bas entered a dangerous phase. An over-dependence on unsustainable sources of foreign ex-change and a rapidly growing population putting increasing demands on limited resources

Economy

Looming balance of payments problems leave little choice but to institute an austerity programme. Imports will have to be reduced and further reforms of the pricing system implemented to ease financial pressures. There are no easy

Conspicuous consumption and ambitious development were encouraged in the 1970s and early 1980s by strong growth early 1980s by strong growth in oil revenues and workers' remittances from abroad. Egypt's relations with Arab states were fractured by its 1979 peace treaty with Israel. But it still benefitted from the boom in the Guif, where thousands of Egyptian workers have been em-

ployed.
Israel's return of the Sinai and its oil wells from Israel helped Egypt sustain exports in the face of rising domestic

### Deterioration

These factors plus large transfers of foreign aid - princi-pally from the U.S. - allowed Egypt to defer unpalatable economic measures, notably those involving pricing and sub-sides. But the time when policymakers could afford de-

lay appears to have passed. There is likely to be a marked deterioration this year in Egypt's balance of payments, perhaps reaching a \$10n short-fall compared with a modest surplus in 1983-84. Growth in oil revenues has flattened. Exporting has proved difficult recently so there will be a fall this year. Inflows of remittances will be down, though by

how much is difficult to predict. Suez Canal receipts are likely to be down about 5 per cent because of the scare last year over Red Sea mines, the Gulf

war and reduced oil trade. Re- is levied to protect local in-ceipts from tourism will in-dustry.

Crease modestly at best.

Items in short supply.

No easy choices are available as Egypt's economy enters a

dangerous phase. Tony Walker examines the options

An expected small growth in exports of industrial goods and agricultural products will make little impression on the trade deficit, which is projected to reach \$5bn this financial year. A large food import bill of

some \$3bn — 10 per cent of GDP — is a nagging burden on the economy, and one that will not easily be reduced with population growing at 2.7 per cent (an extra 1m second) cent (an extra 1m people) every nine months against increases in agricultural output of about 2 per cent. Most worrying is the fall in

remittances from more than 2m Egyptian workers abroad. This financial year they fell more than 50 per cent from \$3.5bm to \$1.6bm, according to Prime Minister Kamal Hassan Ali. However, Mr Kamal Ganzouri, Minister of Planning and International Co-operation, believes the decline will be closer to 20 per cent or about

Central Bank figures for the first six months of the financial year showed a small increase over the corresponding period the previous year. But the prob-tem in accurately assessing the flow of cash is that the bulk of funds transferred by expairiate Egyptians are traded on the black market.

In any case, this prime ource of hard currency that has neiped to sustain the import boom has peaked, and will not recover in the near future be-cause of the slowdon of economic activity in the Gulf. Many of the Egyptian workers abroad are being sent home or having a pay cut. Large numbers are said to be returning from Libya.

Economic ministers emphasise that imports will be squeezed. Main targets for import rationalisation are consumer goods including motor vehicles and capital equipment not con-sidered vital.

of the Economy, said four lists would assist in restraining imports. These would cover:

Mr Sultan Abu Ali, Minister

sive tariff, such as luxury goods.

 Items in short supply. It is unresolved whether the Ministry of Industry or Ministry of the Economy will administer a reformed rationalisation sys-tem that will seek to streamline present cumbersome proce-dures that are the despair of

Egyptian business. Limiting imports is partly connected with Egypt's pricing and subsidy policies. Modest increases in bread prices (a 2 cent loaf is being substituted for the basic 1 cent foaf) may restrain consumption. Farmers for example, may be discouraged from feeding bread to livestock, but even at 2 cents, a loaf is still heavily subsidised.

Prices for almost all basic commodities and feeding dealers and feeding dealers.

commodities and for fuel and power are well below world levels and in some cases only a fraction of them.

A start has been made implementing price increases. According to the prime minister, Egypt has gained more than Ealbn from pricing reforms such as increased electricity.

etrol and bread prices in 1984 Foreign observers give President Mubarak's government credit for beginning to tackle the problem, but wonder why more was not done several years ago. "Measured by the distance they have to go, it is not very significant," said one

have advanced a substantial The 1985-86 draft Budget reflects government attempts to exercise restraint. Food subsidies have been held at last year's level of about £2bn (\$2.4bn), and the budget deficit reduced by about 10 per cent. The Government plans to hold growth in expenditure to about

#### Debt

Inflation is about 15 per cent, according to ministers, but it is not clear how scientific this assessment is. Prices on basic commodities have remained re-latively stable in the past year. Bankers are concerned about Forbidden imports.
 Items attracting a prohibitive tariff, such as luxury goods.
 Products on which a tariff

indebtedness: estimates range between \$25bn and \$35bn

A debt-service ratio of 35 per cent of current earnings is considered a respectable estimate of Egypt's obligation on civil and military debt

Vulnerability to a sudden downturn in mean sources of foreign exchange was noted in the latest IMF report on the Egyptian economy, in June 1984. It stated: "Indications of the weakness of the external sector are the low level of the central bank's gross usable reserves (less then one month's imports), the commercial bank's increased net lisbilities denominuted in foreign currencies (approaching \$1.2bn) and level of external indebtedness (\$24bm in June 1983, some 220

Bankers say that in the past year or so. Egypt has increased its short and medium-term com-mitments, particularly to Arab banks. This is perhaps a reflection of improved relations with

per cent of current account

Egypt has asked the IMF to provide a standby facility to cover expected balance of payments deficits, and an IMF team had comprehensive talks with Egyptian officials in April. Egypt is confident that it will come to an arrangement with

The amount it is seeking has not been made public and figures published in the Egyptian press of between \$1bn and \$2bn appear unrealistic.

The five-year development plan (1982-83 to 1986-87) remains a sacred document. Mr Ganzouri claims that ambitious growth targets of 8 per cent a year are being met. The average in the four years to 1985-86 is expected to be 7.7 per cent.

This appears an optimistic assessment to foreign analysts, vho believe the growth rate is choser to 5 per cent, a respect-able figure in any case. Accord-ing to Prime Minister Ali, the economy is growing fast easugh to create 400,000 new ioos a year.

Mr Ganzouri said national investment figures for the first three years of the five-year plan demonstrated the Government's commitment to the private sec-

Government budget (As proposed at start of financial year, Erm) 1982-83 1983-84 EXPENDITURES (B) Investment (C) Capital Transfer 4,865.0 2,057.7 3.935.5 1,924.0 Total expenditures ...... 16,209.6 11,197,2 14.613.8 18,277,2 Gross deficit 4,845.3 5,012.4 5,400.0 3,712.4 1,387.0 4.200.0 Foreign 1,522.1 2,677,9

Balance of payments

| (Curren                               | ut \$m)            |            |         |
|---------------------------------------|--------------------|------------|---------|
|                                       | 1982-83            | 1983-84    | 1984-85 |
| Exports (fob)                         | 3,892              | 4.556      | 4,500   |
| of which crude oil                    | 2,182              | 2,420      | 2,400   |
| Imports (cif)                         | 8,300              | 9,300      | 9,500   |
| of which food                         | 2,295              | 3,115      | -,      |
| Capital goods                         | 2,382              | 2,150      |         |
| Trade deficit                         | 4,408              | 4,744      | 5,000   |
| Services and transfers (net)          | 3,144              | 3,501      | 3,390   |
| of which Suez Canal                   | 957                | 974        | 1,000   |
| Tourism                               | 551                | 557        | 600     |
| Remittances                           | 2,770              | 3,350      | 3,300   |
| Current account deficit               | 1,264              | 1,243      | 1,700   |
| Sources: Central Bank of Foyot, IMF M | injetry of Economi | Minimor of | Einnes  |

tor, which had attracted anour 30 per cent of new investment—well above target.

Ministers recognise that increases in industrial and agricultural exports, which fell back in real terms in the past decade are wited to help sustain decade, are vital to help sustain Egypt's ambitious developmen programme. Formation of the Export Development Bank of Egypt (EDBE) this year re-

#### Population

Significant growth in exports of manufactured items and agricultural commodities will be difficult. The European mar-ket is tough, particularly for goods not of premium quality, while markets in nearby Arab

But the establishment of the EDBE is a practical step and is receiving World Bank support. It allocated \$125m to en-

Mr Ganzouri said work was in progress on a new five-year plan to take Egypt to the early 1990s. He said one of the eims of the new plan would be to create 20 communities of 100,000-150,000 people each to ease population ssures in Cairo and Alex-

He conceded that it would be regarded as a positive develop impossible for Egypt at the ment.

or, which had attracted about present rate of population increase to hold to its target of 65m by the year 2,000. Population is now officially 48m.

The past year has been uneven in the management of the economy. Dr Mustapha Said, the previous minister was deposed in April when it became clear that currency regu-lations he had implemented in January aimed at drawing funds from the black market had failed.

> The regulations provided for a limited float of the Egyptian pound well below the black market rate. Such erratic handling of exchange rates contributed to a slowdown in the first quarter of this year in remittances. Haphazard import restrictions also caused their share of difficulties for business.

Private sector investment is likely to have been effected by the muddle over the new exchange rate and import poli-The business community has

welcomed new appointments to key economic positions, notably thuse of Mr Aly Negm to head the central bank and Dr Sultan Abu Ali as the new Manister of the Economy. The increasing role of the prime minister and his assistant Dr Atef Ebeid in economic management is also

# Prices raised by stealth to avoid uproar

**Subsidies** TONY WALKER

1,200,0

"EGYPT IS the only country in the world where it is cheaper to wipe the table with a lost of bread than with a knapkin," according to one western economist in Cairo. His assessment of the generosity of government subsidies may be an overstatement, but food price assistance in Egypt does encourage waste. The Government recognises the problem and is increasing bread prices, but only slowly. The substitution of a 2 cent loaf for the 1 cent loaf, which is gradually being phased out,

is a modest start. Bread prices in Egypt are still among the world's lowest Levels of wheat consumption are there-fore high—an average of 184kgs

the world average of 75kgs. The Government is cautious about tampering with the price structure which it believes, with some justification, has contri-buted to relative political stabi-lity for several decades. Ministers refer to the riots in

Tunisia and Morocco, and Egypt's experience in 1977 when mass disturbances over food price rises left 79 dead and caused millions of dollars worth of damage.

The riot late last year at Kfar el-Dawwar, a Nile delta town, apparently over modest increases in cigarette, pasta and cooking fat prices, was the most recent reminder of the dangers in cutting subsidies.

some progress, however. There have been price increases across the board, although the structure remains, as a Western observer put it, "out of whack with reality."

Government policy of in-creasing prices by stealth was shown at its most creative in the case of petrol. The Govern-ment did not increase the price introduced a higher-octane, higher-priced substitute. The lower-octane variety will become progressively more difficult to obtain.

Similarly, non-ration rice was previously available at about 15 plastres per kg, but is now difficult to find. The substitute is a new imported variety retailing at about 30 plastres. Other recent price increases covered electricity, iron and steel products, coking coal, agricultural equipment and

The DMF, in its June 1984 report on the Egyptian economy, identified pricing economy, identified pricing anomalies as the principal prob-lem. "Direct and indirect government intervention dating over two decades has resulted in widespread cost-price distor-tions," it said. Government controls of

prices in industry and agricul-ture had encouraged movement of resources from the produc tion of tradables to exp of services since 1973.

During the late 1970s and early 1980s: "Value added in the commodity producing sectors grew by 5.8 per cent per amum compared with 12.1 per cent in chapters." cent in the production services sectors and 9.6 per cent in the social services sectors. Growth rates in agriculture and indus-try were notably lower than in most other sectors," the report

The extent of food pricing problems is spelled out in a saries of papers by the Inter-national Food Policy Research Institute. In 1970/71 food sub-sidies averaged about 3 per cent of government expenditure compared with 21 per cent between

1974 and 1980/81. Heavily subsidised wheat imrecutting subsidies.

The past year has brought ports encouraged an annual growth rate of 8.4 per cent in wheat and flour consumption between 1972/83. Until recent measures to free its domestic market, Egypt was paying 24 times more for its imported wheat than for the domestic product, so wheat production languished.

The system has also been socially inequitable. A study by of basic low-octane fuel, but the National Bank of Egypt in 1979 showed that the top 19 per cent of households in towns received 26 per cent of food sub-sidies while the bottom 29 per cent received only 22 per cent.

# رسالة

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# Troubled times in a crucial sector

Oil and Gas

TREYOR MOSTYN & MARGARET HUGHES

THE Egyptian General Petroleum Company which manages the exploration, production and pricing of the country's oil industry with an independence and efficiency not normally associated with public sector entities, is going through troubled times. This largely reflects the depressed state of the world oil industry. But other difficulties are closer to

It is almost a year since the bright but clusive Mr Abdel-Hadi Khandil, its chairman, was appointed Minister of Petroleum, yet no one has been appointed in his place.

Mr Khandil is still attempting to do both demanding jobs splitting his time between the EGPC headquarters on the outskirts of Cairo and the ministry in the city centre, where he also has been given the minerals

Other senior positions within for empire building, inefficiency

Radwan who retired from his also did two jobs. key position as general manager

This position is unfilled at a time when Egypt, with proven responsibilities. 4.8bn barrels, can count on only another 10 years' production, and needs to step up its exploration.

production in Egypt.

Last year 14 exploration agreements were signed. This year none has been, although six new agreements and six amendments were negotiated before Mr Radwan retired.

in Maadi, south of Cairo, is being strongly criticised.

Al Shaab, the paper of the middle-of-the-road Socialist Labour Party has mounted a ampaign attacking Mr Khandil EGPC also have not been filled. and money wasting. He has peak of \$2.75n in 1981-82 but The same goes at under-rejected these allegations dipped the following year to

also did two jobs.

This year there is likely to be
He likened his continuing a drop in earnings of some responsible for negotiating chairmanship of EGPC to any agreements with the inter- other minister heading a comnational oil companies which do mittee affiliated to his ministry. virtually all exploration and He said, however, that since taking on the minerals portfolio he intended to lessen his

> Mr Khandil and EGPC is under attack when foreign exchange earnings are depressed. Also while admini-strative problems may take their toll on morale a far greater worry is the depressed state of the world oil market.

#### Limitation

amendments were negotiated before Mr Radwan retired.

Mr Khandil's apparent failure to appoint a new team and move EGPC to its headquarters in Maadi, south of Cairo, is

Egypt has become dependent on its oil industry, which for 10 years has been the most profitable sector of the economy, increasing its share of GDP from less than 5 per cent in 1974 to almost 20 per cent. It accounts for 69 per cent of visible exports, 26 per cent of current account receipts and 18 per cent of government revenues.

Net oil earnings reached

secretary level within the through the semi-official news- \$2.694m. In 1982-83 there was cents per barrel bringing ministry. This includes the paper Al Ahram, claiming that a sharp drop to \$2.22bm followed Morgan Light down to \$26.75 replacement for Mr Ibrahim in other countries oil ministers by a small recovery last year to per barrel.

\$2.34bm. Although unannounced, this Although unannounced, this

> \$300m in spite of record production. A limitation on export earnings is the high level of domestic consumption, which absorbs almost half the production leaving only some 200,000 barrels a day for export. Egypt has been keen to step

up production and had set a target of im b/d by early 1984.
Output, which in the first half of the year averaged 858,000 b/d, reached a record 888,141 b/d at the end of April. Average production for the year is expected of between 865,000 and 870,000 b/d. This compares with an average of 785,000 b/d. 14.5 per cent on the previous

In the early months of the current financial year, export earnings held up well with Egypt managing to hold the prices of its blends to the levels set in April 1984 Bre death set in April 1984. But since the series of Opec meetings at the turn of the year exporting has proved more difficult.

Between a quarter and a half exports are sold on government-to-government con-tracts and spart from the special arrangements which Egypt has with countries like Israel, these are relatively short term, though with long standing customers. The remainder is sold in the commercial market.

Egypt cut the prices of its oil by 50 cents a barrel from February, bringing its Morgan Light Suez blend down to \$27.50 per barrel. Export sales held up relatively well and in the first nine months, export revenue is understood to have reached

or so the situation has deteriorated, EGPC's first response was

is understood to have been made retroactive to April 1. But even this reduction has not been enough to overcome resistance in the markets and EGPC has asked producers to cut back production by some 20 per cent. Gupco, the EGPC/Amoco joint venture, cut output by 8 to 9 per cent for a few days but is now back in full produc-

For the time being the foreign oil companies are trying to avoid cutting output by taking extra themselves. But given the softness of the world market, they will be unable to do so for

EGPC has limited storage capacity for stockpiling. There are fears, therefore, that it may be even more aggressive with pricing to earn as much foreign currency as possible. The Government is forecasting a \$300m drop in oil export earnings this year. Industry experts who had doubted this

prediction, based on EGPC's export performance in the first half year or so, estimate that export earnings will be broadly in line with the Government's prediction at \$25m. But the omens for the coming financial year are bleak unless

there is a sharp turnround in world oil demand. And without any big discoveries, the longer term also looks gloomy. Prime Minister Kanal Hassan Prime Minister Kanal Hassan tial consumers have already Ali earlier this year warned been increased significantly for that with domestic consumption the first time by between 10 and still increasing at the rate of 15 60 per cent, albeit from a low still increasing at the rate of 15 per cent a year, by the mid-1990s Egypt would have to change from being a net exporter to a net importer of patrology.

consumption. Energy prices are power fertiliser and textiles heavily subsidised so the factories in the Nile delta and



The control room of the Assuit power station in the upper Nile Valley

complex near Aswan to

consumer pays only about 20 the Helwan steel complex south per cent of world prices, costing of Cairo.

up to £E4ba-£E5bn a year in subsidies.

A 600 km gas pipeline may be

A higher octane petrol has heen introduced for 20 plastres a litre, compared with 15 pastres for the lower octane grade, which will be gradually withdrawn.

Electricity tariffs for residen

On the industrial front there change from being a net is a move to switch more indus-exporter to a net importer of trial plants to using gas feed-petroleum.

Some attempt is being made Ghardiq field in the Western to reduce or contain domestic Desert is already being used to

Egypt is also expanding its refining capacity to meet both domestic demand and sell to export markets. Capacity will be raised from 20m tons a year to nearly 29m tons within the it five-year plan at a cost reserves.

This includes a new refinery at Assist to feed industries in upper Egypt, involving an investment of \$200m for which Lloyds Bank International is arranging the foreign currency

capacity of 40,000 barrels a day and will be fed by a 250 km pipeline from Ras Shukheir on the Gulf of Suez.

This will have an initial

The capacity of the refinery at Suez will be expanded by 125,000 barrels a day at a cost of some \$300m.

Egypt is anxious to exploit its natural gas resources to generate energy for industry and in the home. Proven gas reserves estimated at 5.5 trillion cu ft are expected to increase substantially in the next 10 years, and oil industry experts put the reserves much higher at 9 trillion cu ft.

The Government has decreed that no gas can be exported until reserves reach 12 trillion

and development. The com- decliptor, however. The other exporting the gas.

Finds of natural gas and condensate, particularly in the Western Desert and the Medierranean off Alexandria and the Sinal coast, have been

encouraging.

The heart of Egypt's oil industry is in the shallow waters of the Gulf of Suez, a basin of some 20,000 sq km which extends from Suez Town in the north to Hurgada in the south.

The majority of the produc of Cairo.

A 600 km gas pipeline may be built from the Gulf of Suez to feed convert the Kena fertistate-owned EGPC and Amoco.

> More than 366 exploratory wells have been drilled in the Gulz of Suez and some 40 fields discovered with total proven reserves of about 3.44on barrels, or 90 per cent of Egypt's

Bankin

William, 11.

MINITAL

MATIO

Ras Shukeir is GUPCO's main terminal, linked with production areas by a pipeline network In July 1982 a 220-mile pipeline was inaugurated connecting the export terminal with refineries in Suss and Cairo.
The Sinai ollfields; returned
to Egypt by Israel, produce
200,000 b/d of which 160,000
are in the Abu Rodeis area.

#### Smaller

Suez Oil Company (SUCO), has successfully drilled at Ras Budran, Ras Fanar and Zeit Bay, while Petrobel operates the Belayim fields. General Petroleum Company (GPC), operates a series of smaller Ras Charlb fields, and Total acquired a new concession in 1983 in the northern part of the Gulf of Sues.

Deminex has recently formed a new consortium in the Gult of Suez and Conoco recently acquired 90 per cent of Mibol's

Guif of Suez activities.

There have been promising finds in the Western Desert Several oil companies are where Shell's recently dis-negotiating with EGPC to have covered Radr el Din field in where Shell's recently distheir concession agreements currently producing 12,512 modified to provide a greater barrels per day. Production incentive for gas exploration from older fields has been panies see little scope for operators in the Western Desert are GUPCO and WEPCO, the joint venture of Philips Hispanoil and EGPC. WEPCO is also exploiting gas fields offshore at Abu Qir in the Mediterranean, where it has already sunk four wells and is

inking four more next year. Both Shell Winning and the General Petroleum have made natural gas dis-coveries in the Western desert. Shell Winning has proposed a which represents 90 per cent \$150m.\$200m project to pipe of Egypt's proven oil reserves gas from a 1 trillion cu ft field are 75 per cent of production. to Cairo.

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1,610,045

Contra Accounts

Cash in Hand & Balances with Banks & Correspondents Total Investments Total Advances & Loans Sundry Debit Balances

1,685,247 85,908 3,681,235

1,610,045

Contra Accounts

Banque du Caire Barclays International Bank/Egypt
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## When you think of Egypt think of



# Shortfall to continue in spite of new schemes

Four-legged transport is as common as four wheels at Ras Gharib, where Total

is among companies involved in oil extraction and storage

THE GAP between Egypt's economy says electricity rates into the 1990s in spite of an ambitious programme for the construction of plants and rehabilitation of old ones.

Demand is rising at an average of 12 to 15 per cent a year, and new production reapacity becoming available at less than 10 per cent a year, so prospects are for continuing power shortages unless Egypt can improve use of existing

There are ways this can be done, but it is difficult and expensive. Much of Egypt's antiquated power generating and distribution system may be beyond rehabilitation except at

rohibitive cost. Although Egypt has a comprehensive construction pro-gramme for new plants (includ-ing nuclear ones) most of these ing injector ones) must of these will not, on the most optimistic scheduling, be ready before the early 1990s.

It is difficult to assess power

requirements, as demand is sup-pressed by the shortfall in supplies. The gap between pro-duction and real (as opposed to suppressed) demand could be

Heavily subsidised electricity tariffs are a disincentive to conservation and the electricity authority has until recently vir-tually been bankrupt—forced to borrow to cover operating and maintenance costs let alone new

The picture has improved in the past 12 to 18 months because of higher electricity charges, but tariffs are still only 15 to 20 per cent of those levied in the U.S., for example,

Fears of social unrest over rising living costs make officials rising living costs mass con-reticent about extra charges, preferring a programme of stealth to openly-amounced in-creases. Mr Maher Abaza, Minis-ter of Electricity, questioned about reports of recent increases merely said tariffs were under

The last acknowledged increase was in early 1984. The IMF report on the

power generating capacity and charged to users in the very customer demand will continue high and high voltage categories in the first half of 1983-84 were 38.4 per cent higher on average than in the first half of 1982-83, while rates were 7.3 per cent higher for residential and com-

The IMF reported in June last year that since December 1983 rates had been reised on average by 30 per cent to provide a 5 per cent rate of return to the electricity authority. These rises were, from a very

> Power Generation TONY WALKER

how base. Total explicit and implicit subsidies in fuel for motor transport or in the power generating sector were EESbn in 1983-84.

Inefficiencies in the pow sector are underscored by the gap between power generated and that which carns income. This gap could be as much as 16 per cent according to some estimates, due mostly to trans-mission losses and antiquated

One foreign resident living in a middle-class Cairo neighborbood, says he has never received an electricity bill in five years. even though he has told senior officials of the electricity authority of the oversight. One cause of the transm

loss is that Egypt's main source of electric power, the Aswan requirements, is some 700 km from consumers in the delta.

"If Egypt did improve the power factor of the system, it power station is about 1.5 times would not only reduce losses that of a thermal station, he and improve voltage levels, it said. But savings in running

osses by 6 to 10 per cent.

The U.S. Agency for International Development (AID) i studying possibilities of improv ing efficiency in existing plants. An official said it could cost up to \$200m to rehabilitate the

In its bid to conserve oil for export, Egypt is converting power plants to a dual system of oil and gas. This will mean significant saving as more gas fields are tapped.

In the longer term, in the absence of other potential sources of energy such as hydropower which is fully utilised, Egypt is planning its hopes on nuclear power.

Senior government figures such as Prime Minister Kamal

Hassan Ali say there is no alternative: Nuclear power is the only option in the face of pressure on oll supplies and shortfalls in capacity.
Mr Abaza said a letter of intent would be signed by the middle of the year for the first

of six to eight nuclear plants to come on stream up to the year 2005 at a cost of some \$36ba.

Dr Ali Fahmy El-Saledi, chairman of the Nuclear Power Plant Authority, said Egypt was moving methodically towards a decision on the successful tenderer for a plant on the Mediterranean coast 180 km west of Alexandria. He expects his authority will soon finish west of relativistics and finesh his authority will soon finish evaluating technical and finan-cial packages from French, German and American bidders.

of six to eight nuclear

Dr Saledi dismissed suggestions that Egypt is not ready for a sophisticated nuclear industry, saying that the technical base is better than other developing countries and that Egyptians could be found throughout the world working in the nuclear industry. The capital cost of a nuclear

would be able to delay the need for one large generating unit,"

Said a foreign expert helping of potentially the first nuclear the electricity authority.

One suggestion is to instal was "very hot," he said.



\* The only Egyptian Spanish Joint Venture in Egypt.

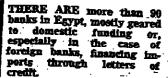
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Exporters, however, have found it difficult to obtain adequate financing, reflecting the low prioxity in the

In an attempt to redress this imbalance, the Govern-ment has established the Export Development Bank of Egypt. The four public sector banks—Banque Misr, Bank of Alexandria, Banque du Caire and the National Bank of Egypt—each has a 15 per cent stake in EDBR, established with #E50m. The remaining 40 per cent is held by the National Investment

It was set up largely in response to World Bank pressure to promote exports as a sure to promote exports as a interest of restructuring the economy, which it contends is heavily dependent on "unsustainable" sources of foreign exchange. With the exception of petroleum, visible exports have been failing for several years. Last year's trade deficit was \$4.700.

## Funding overseas trade EDBE's primary function in its first four months has Export bank

he its first four months has been simply to provide nor-mal banking facilities to ex-porters. Mr Hazem El Beblawi, the chairman, who previously headed the Knwait Development Bank, says the banking community has tended to shy away from financing exports and export-oriented industries. The EDBE has adopted a more wharmal annuals to the trade liberal approach to the trade and its risks.

Normal banking facilities. including retail banking services and short-term expo financing are being provided either as pre-shipment or postnt supplier credits or as buyer credits. This financing can be extended directly to the exporters or buyers, or EDBE will refusace loans made by other banks or institutions. EDBE will also provide longer-term financing imports of the control o financing imports of raw materials and components for

Unusually, EDBE will also

tion" projects because Mr Beblawi says that for industry to tackle export markets it

MARGARET HUGHES

has to establish a firm domestic base. Unlike some members of the Government, he is not an advocate of import substitu-tion, however. Exposure to higher world living standards has generated new consump-

" Import "Import uncompress-ability" must therefore be accepted as an "undeniable, undesirable " fact. He regards export promotion as crucial to he long-term future of the economy.

The Government want EDBE to eventually provide credit guarantees and insur-

ance cover for exporters and, Mr Beblawi hopes, con-cessionary finance, to help

compete in world markets.

Semmel Montagu, the

tion patterns, he says.

British merchant bank, will advise on development of facilities, which it is hoped to introduce next year. The Government will

first have to make a substantial financial commitment either directly through the budget or via the Central Bank, Mr Beblawi says. Existing and potential exporters are impatient to see the Government translate its export promotion plea into concrete incentives, he adds.

Like his counterpart, Mr Farouk Shakweer at the Export Promotion Centre, he believes these inducements to export should also include tax advantages linked to per-formance, better duty relief on imported inputs and a much needed streamlining of

Mr Beblawi does not under-estimate the problems con-fronting his bank and the export drive. The problems for other exporting countries may be risks of the markets into which they sell, but within its own agriculture and

industry.
These are geared to an everexpanding domestic market which "buys anything at any price," Mr Beblawi says. In spite of the need for foreign exchange which exports would generate, it would still take a "dramatic shift in economic policy" for Egypt to become an export-oriented

To support the export drive. the World Bank has com-mitted \$125m towards EDBE's funding while the EEC will provide Ecu 900,000 as technical assistance to the Export Promotion Centre.

#### **Interest Rate** Structure

| Agricultural and industrial:    | %            |
|---------------------------------|--------------|
| Minimum<br>Maximum              | 11.0<br>13.0 |
| Services:<br>Minimum<br>Maximum | 13.0<br>15.0 |
| Trade:<br>Minimum<br>Maximum    | 16.0         |
| Souther Cantral Bank of         | F            |

# Clamps ease but pain fades slowly

#### Banking MARGARET HUGHES

BANKS ARE still dusting themselves down in the aftermath of the economic measures introduced on January 5 by Mr Mustapha el-Said, the former Minister of the Economy, aimed at reasserting government control on imports and squeezing

the black market. These measures have since been reversed by Mr Suitan Abou Ali, his successor, and bankers have welcomed his more liberal and stable approach which seems to reflect apparently the present mood of the Cabinet.

But repercussions of the January measures are still being felt and it will be some time before the banking and business communities recover.

The banking community has frequent recent changes in economic policy and almost as often seen them reversed. But bankers claim that the January measures have had a more severe impact on business. And the repeal has increased uncertainty, further undermining confidence when

#### Networks -

The January measures involved a three-pronged attack. Importers were required to open letters of credit by depositing Egyptian pounds for their foreign currency through the official commercial banking system. Previously importers had opened letters of credit with foreign currency obtained on the "own exchange" or black market, which has financed all private sector trade and an increasing proportion of public sector imports.

to use this system where the source of foreign currency is almost entirely remittances from Egyptians working abroad.

This is collected by networks established in these countries by Egyptian money dealers and is estimated at between \$3bn and \$4bn compared with the \$3.3bn which comes in through official channels.

This move was accompanied

by the addition of 203 items so foreign ones in Egypt to the list of commodities which

Their customers were m had to be referred to the Import Rationalisation Committee for approval to import. The expanded list was aimed at socalled luxury and consumer goods, including cars, but also covered some components, raw materials and other inputs for

Some 100 items in the second category have now been removed from the list pending a review. The system is likely to be replaced by a four-tier system of sliding customs duties although there will still be one category of "banned" imports, deemed either to be luxuries or produced locally.

banks.

There were many tales of Egyptian businessmen, liquid enough but in the wrong removes, arriving at banks with armfuls of Egyptian pounds and pleading with their bankers to accept them in lieu of the control of the cont

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RESULTS AT 30/6/1984

year, and set at E£1.12 to the U.S. dollar compared with a previous rate of E£0.84. This was amended in December to allow the four public sector commercial banks to buy dollars at E£1.20 in an attempt to attract more workers' remittances to the official banking system and crack down on black

market dealers.
The partial float was the only January measure to survive.
The rate is fixed daily by a
committee headed by the Central Bank. After remaining fairly static at around E£1.24 in the first two months it has been allowed to move higher in recent weeks.
It is expected to be allowed

to float upwards to coincide with the return of workers from the Gulf of Ramadan and the holiday season. However, the black market rate is still keeping ahead.
The overall impact of the

January measures and the confusion over their execution paralysed the import trade, the banking system and industry dependent on imports.

The new "incentive" rate was not realistic enough to attract foreign currency from the black merket. The commercial bank the underlying economy is pool, already short of foreign depressed. exchange before the new measures, was unable to cope with the sudden increase in and. The lifting of curbs on foreign currency deposit accounts is also reported to have set off a flight of capital out of the country of some \$800m.

The 19 foreign banks operating as foreign impotent on the sidelines, temporarily excluded from the mainstay of their business-letters of credit. The ruling that letters had to be opened reasing proportion of public in local currency excluded them because they are permitted to deal only in foreign by use this system.

### Indebtedness

The only foreign banks able to deal in local currency are those which have formed joint ventures with local partners in which there is a majority Egyptian shareholder. There are about a dozen such banks amone the 70 or

Their customers were mean-while facing financial diffi-culties. Unable to find foreign currency in the official system while unofficial currency sources had dried up in the ensuing confusion, they were failing to meet repayments on foreign currency loans to

category of "banned" imports, deemed either to be luxuries or produced locally.

Along with other direct measures to curb imports, a move was made to unify the multilayer exchange rates by allowing a partial float of the socalled "incentive" rate. This rate, which applies to private sector transactions and tourism,

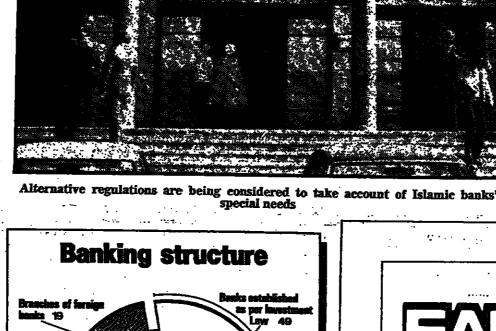
foreign currency.

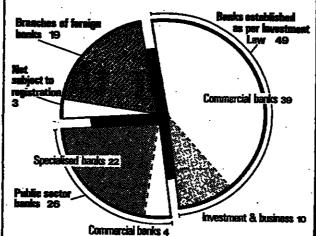
The new measures were introduced without a full appreciation of the level of the private sector's indebtedness to the banks, which is put at \$3bn. Some bank customers have gone bust and there would have been many bankruptcies had the measures prevailed.

Banks have had to reschedule

7 000 000

65,727,373





the debts of many customers and are making heavy provisions for this year. One of the major commercial banks is reported to be setting aside almost half this year's profits.

Since the reversal of these linvestment Law.

Since the reversal of these linvestment Law.

He says he would not force the banks to change their status if they were willing to stay in Egypt in their present role. He does not disguise that he would like to see them direct their of this year but held up due to the lack of foreign currency. Even so, the number of letters of credit being opened is half what it was a year ago and once the backlog has been dealt with banks do not anticipate a huovant market.

with banks do not anticipate a buoyant market.

This is not the first time that foreign currency branches have been excluded from the letters of credit business. In the summer of 1981 Mr Abdel Razzaq Abdel Meguid, the deputy Prame Minister for the economy, ruled that letters for imports in two 2001/20217 emony, then that letters for imports in two non-luxury categories be opened with deposits in Egyptian pounds, with the foreign currency to be made available through the official commercial bank channels

Forahim, Mr Abdel Meguid's

relatively short time, there is Bank.
likely to be something of a Much is expected of him Mr shake-out among foreign currency branch banks. Those who building confidence after a year feel committed to Egypt may in which the banking fraternity decide to change their status has also been joited by a scandal to joint-venture banks, with a involving second-tier banks over majority. Egyptian sharehold imprudent dealings with one of ing. In the meantime, they are the big money dealers. This led trying to persuade Mr Aly to the sequestration of the pro-

Egyptian ones. The experience of some in marrying efficient international banking practices with the more bureacratic Egyptian public-sector style has made other foreign banks reluctant to follow suit.

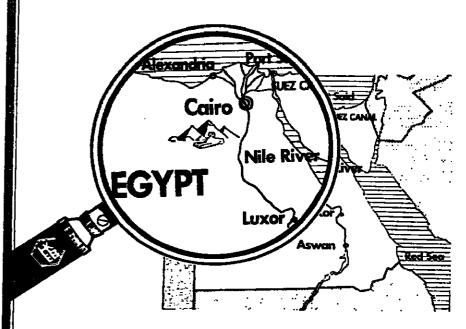
omcial commercial bank the much specific parts of the conomy was then in better shape but official channels were unable to meet demand. Combined with other sector individuals or companies the much specific parts of the proposed Credit Suisse joint venture have involved private demand. Combined with other sector individuals or companies the much specific parts of the proposed Credit Suisse joint venture have involved private demand. demand. Combined with other sector individuals or companies amport curbs, this ruling halved as "sleeping" partners, leaving the number of letters opened the bank to be run by the and was subsequently reversed foreign pariner under a man-by Mr Mohammed Abdel Fattah agement contract.

After the upheavals, bankers Having seen the main source appointment of Mr Aly Negm as of income closed twice in a the new governor of the Central

rying to persuade Mr Aly to the sequestration of the pro-Negm, the new central bank perty of more than a dozen governor, to allow them to deal bankers and the money dealer in local currency as branches.

But Mr Negm adheres to his of Mr Mustapha el-Said, former long-held view that the banks Minister of the Economy.

## TAKE A CLOSER LOOK AT EGYPT'S REMARKABLE **INVESTMENT OPPORTUNITIES**



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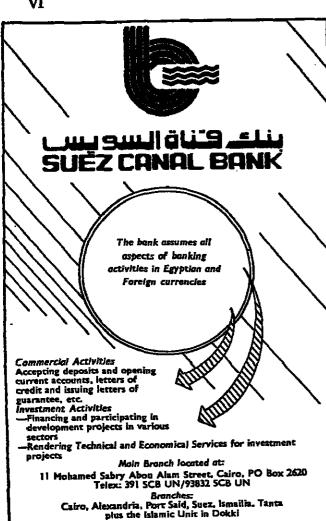
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## Battle against bureaucracy

Industry MARGARET HUGHES

FEW MONTHS ago Mr Manudous Kastour, general manager of trailer assemblers Gorica Egypt, ran a series of advertisements in the leading Egyptian newspapers pleading with the Government and the customs authorities to cut red tape. He called for a unified import system and clear, fixed import duties.
There was no response, So

there was no response. So he, along with eight other trailer assemblers, including three in the public sector, are suing the customs authorities for the millions they claim they are owed. Mr Kastour says he is due E£0.25m.

Import duty on components for his trailers is 20 per cent. However, the customs have retained another 30 per cent. claiming that this is as a deposit while they establish whether his imports are components or fully-assembled trailers.

Mr Kastour is representative of many young Egyptians keen to invest but frustrated by bureaucracy. He has invested E£3.5m in establishing the kind of company which the Government claims at it keen to en-courage. He has also located it at one of the new cities— the Tenth of Ramadan—which the Government is keen to pro-mote, Yet it took him two years to get authorisations. Having eventually built his

plant he continues to be thwarted by bureaucracy. Apart from the withholding of his customs deposits, his cash flow is being hit by the four-to-six weeks it takes to get imports cleared through customs. He pays penalties for each day his goods are delayed.

He also says it takes two to three months for approval from the Ministry of Industry and Imports Rationalisation Committee to open letters of

credit for repeat orders. His experience is no isolated case. Anyone who has tried to invest in Egypt will testify it is a familiar tale. Mr Kastour's lead time is relatively short compared with many other

It is an obstacle which has frustrated many foreign investors and helps explain low investment. The private sector accounts for only 25 per cent of investment and foreign sources only 35 per cent of the E£12.3bn projects approved

by the Investment Authority.
Industry is being strangled by the bureaucrats Mr Kastour derides as "small kings ruling over a kingdom of paperwork they are constantly seeking to

It has taken General Motors. for instance, seven years to get its \$35m truck and bus assembly project off the ground. production due to start next month, it has still not obtained agreement from the Govern-ment on import duties.

This project, in partnership with Isuzi, will provide 1,200 jobs when fully operational in 1987 and produce 18,200 units Located in another new city, the Sixth of October, it is expec-ted to stimulate satellite indus-

drive from Cairo. Catalyst

The project seems to be the type of catalyst needed for long-overdue restructuring of Egypt's industry. Yet has been plagued by delays.

A E £33m project &0 produ

tries in this desert site, an hour's

5,000 trucks and 6,000 buses for which Damler Benz signed an ment with its Egyptian partners more than three years ago has yet to come to truition. Proposed car projects involving foreign perticipation have similarly been bedevilled by problems. In 1979 Flat, licensor for the state-owned El Nasr Automotive Manufacturing Company (the sole local producer) had an agreement for a joint venture plant approved by the People's Assembly. But the

deal came to nothing. Since then motor manufac-turers including Volkswagen, Peugeot and Remark have thought an agreement was within their grasp. In 1983 the Govern

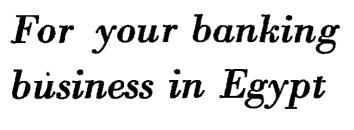
cided to be more ambitious and go for an all-Egyptian ear, call-ing for new bids. In spite of a pledge that a contract would be awarded in six months there is still no decision.

Last month it looked as if GM had it in the bag, having come up with a proposal with several component manufac-\$175m U.S. aid for a project which would have included producing car parts for both the locally-assembled vehicle and for export to GM's European

The inclusion of components in the package would have earned Egypt foreign exchange and reduced currency needs of the plant. On

Proposed investments in five year plan

| (1982/82—1986/87)                            | Public<br>sector | Private<br>sector |
|--|------------------|-------------------|
| Agriculture and land reclamation             | 889.7            | 788.7             |
| Irrigation and drainage                      | 1,831.0          | 230.3             |
| Industry and mining                          | 6,841.9          | 1,775.7           |
| 01   | 1,336.7          | -                 |
| Electricity                                  | 2,844.8          | 59.1              |
| Contracts                                    | 526.7            | 415.0             |
| Consumer total                               | 14,270.8         | 3,268.1           |
| Transportation, storage and                  | 5,523.9          | 245.2             |
| Suez Canal                                   | 335.0            | _                 |
| Trade  | 421.1            | 46.0              |
| Finance and insurance                        | 79.2             | 140.0             |
| Tourism                                      | 312.5            | 40.9              |
| Productive services total                    | 6,681.7          | 465.6             |
| Housing                                      | 264.0            | 4,327.8           |
| Public utilities                             | 2,858.1          |                   |
| Education Services                           | 898.3            | 23.5              |
| Health Services                              | 624.7            | 26.8              |
| Other Services                               | 1,028.4          | 9.2               |
| Social services total                        | 5,673.5          | 4,431,3           |
| Fixed investment total                       | 26,626.0         | 8,164.6           |
| Investment expenditure                       | 588.5            | 107.0             |
| Total investments                            | 27,214.5         | 8,271.6           |
| Source: Egyptian/British Chamber of Commerce |                  |                   |



## BANK OF ALEXANDRIA

|                               | (III IIIIIIONS TE) |       |
|-------------------------------|--------------------|-------|
|                               | 1984               | 1983  |
| BALANCE SHEET TOTAL           | 2,802              | 2,251 |
| EQUITY (CAPITAL AND RESERVES) | 76                 | 72    |
| CUSTOMERS DEPOSITS            | 2,205              | 1,656 |
| LOANS AND ADVANCES            | 1,748              | 1,194 |
| PORTFOLIO INVESTMENT          | 15 <b>4</b>        | 146   |

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BRANCHES ALL OVER EGYPT CORRESPONDENTS THROUGHOUT THE WORLD ing pot.

Such problems are not confined to the motor industry. In 1981 Rothmans, after four years negotiating, signed an agree-ment for a E£50m to E£60m joint venture with the stateowned Eastern Tobacco. This was cancelled by the Govern-

Over the past year the project has been revived on a licensing basis using spare capacity at Eastern's expanded plant. It was due to go ahead this summer hat is still being held up by failure to agree import es ou raw materials.

At present, locally-produced cigarettes would cost more than the imported product.

Costoms duties are an important source of revenue for the Government making E£1.5bn or 7.4 per cent of GDP last year. This poses a dilemma in attempting to encourage local

There is also a powerful importers lobby. These traders e been the main beneficiaries of the Infitah or "open door policy launched by President Sadat in 1974. The main result has been a buge inflow of imports, particularly of con-sumer goods.

There are a few who, given the right investment climate, would direct some of these profits to productive industry. But the majority are opposed to the squeezing of the source of their wealth. This conflict between the potential pro-ducers and the "fat cat" importers is seen by many observers to be as much a constraint on the economy as the dominance of the inefficient

much of the indecision on industrial projects and the events of the early months of this year when another attempt made to curb imports but later reversed.

The hurdles which exporters face are even greater. As part of its belated move to encourage exports under pres-sure from the World Bank, the Government has re-vamped the Export Promotion Council and launched an Export Develop-ment Bank. Agricultural and industrial exports have declined over the past 10 years from around \$1.5bn to \$1bn.

But before providing incentives for exporters, their first task is to remove the bureacratic obstacles. The paperwork involves various quality con-trols at the ports and airports. As Mr Faronk Shakweer, chairman of the Export Pro-motion Council, points out it should be the market which determines the acceptability of

chairman of the EDB empha-made an overall loss of E£36.4m. officials

the day wen the final decision sises that the Government has was expected the whole project to make 2 much greater financial commitment if his bank is to provide export credit insuras envisaged, as well as tax incentives for exporters which both he and Dr Shakweer are

> The Government, from the President downwards, has been re-affirming its commitments to the private sector and foreign investment. This follows the severe blow to business confidence after the import clamp-down and attempts to curb the free foreign exchange market. The decision, reversed last

month to require importers to open letters of credit in Egyp-tian pounds brought all sectors of business to a grinding halt and it has yet to recover. Ironically, it has now had the effect of reopening the "open door" investment policy which government indecision since sident Sadat's assassination in 1981 has just kept ajar.

Mr Atef Ebeid, the Minister for Cabinet Affairs, who is now playing a key role in the management of the economy, says the failure of the January decisions has "helped the cause of the free market, proving the negative results of o gulation.'

There has been a "dramatic change" in the Cabinet's attitude to foreign investment with renewed awareness of the need to streamline investment pro cedures and a "presidential commitment" to the private sector, he says.

#### Profiitable

Mr Ebeid, who has been a consultant in the private sector and a beneficiary from the "open door" policy, says measures to streamline import It is a major factor behind procedures would be discussed nuch of the indecision on with the business community. Businessmen would be given advance notice and explanation of any future changes.

Mr Ebeid also intends to apply private sector criteria to running the public sector, which in comm Mohamed Abo Mohamed Abdel Wahab, Minister of Industry, he aims to make profitable.

Mr Ebeid predicted that within 24 months no public

sector company intended to be profitable would be making losses. Management would be run on private sector lines and management pay scales would be restructured to include profitsharing. But they still have a long

way to go. Of the 117 public sector companies which still dominate the textiles, food can-ning, engineering and chemical fields, only 78 made a profit last year, totalling E£263.5m, another three broke even while the remaining 36 lost a total of E£300m. The sector as a whole which accounts for two-



Farmers are being encouraged to conserve water although this year's supplies should be sufficient

## Water supplies face a threat from drought

THE NILE is falling and water stored in Lake Nasser is at its lowest since the early years after the Aswan high dam was completed in the mid-1960s. The great African drought is having an impact on the world's longest river.

Mr Yussuf Wali, Agriculture Minister, says that in spite of alarmist talk there is no need to worry—yet. Water in the coming year will be sufficient for agriculture, although electricity generation will be reduced.

Egypt used 40bn ca metres of Nile water in 1984, some 15bm less than agreed in its this did not affect agricultural output. Officials are encouraging farmers to conserve water, and admit there are problems

#### More rational

Mr Hassan Ketr, an undersecretary in the Ministry of Agriculture said an additional fibra cu metres could be made available if there was more rational water use. Egypt was well short of reaching the limits of available water. There seems little cause for

complacency. The 32bn cu metres flowing into Lake Nasser in 1984 was the lowest in 15 years and only 55 per cent of the average and inflow between 1969 and 1983. Gross storage of water in Lake Nasser in 1984 was 75bn cu metres compared with 132.5bn in the peak years of

of water sceping from unlined and poorly constructed canals.

Ambitious land reclamation is proving a burden on water resources. Some estimates say water applied to reclaimed desert land average between 15,000 and 24,000 cu metres per feddan compared with 4,000 to 5,000 per feddan on normal land.

Some relief might be at hand if it were not for the insurrection in southern Sudan against the former regime of Mr Jasfar Nimeiri. Egyptian investme canal to improve the flow of water in the White Nile has been going to waste. Work on the project has stopped for about a year.

Egypt has invested about E£80m (\$56m) in the Jonglei project, the first stage of which is about two-thirds complete. There is a danger, however. that excavations will collapse unless water flows into the canal within a few years.

A second stage involves construction of a hydraulic system. Foreign exchange costs for the whole project have been estimated at about \$120m. Egypt could expect an extra 2bn cu metres of water from the Nile if Jonglei is completed......

If the African drought stretched into a third or fourth year, efficiels may have less reason to be sanguine about their most priceless

Tony Walker

# Paying the price for neglect

## Agriculture

THERE IS a precarious balance in Egyptian agriculture between the entanglements of old pricing and quota policies and a new direction that promises ore rational use of limited re-

At first giance, prospects ppear grim. The food import bill is an increasing burden, population increase for exceeds growth in agricultural produc-tion and land reclamation is essing slowly and expen-

ere are serious anomalies

Inere are serious anomales in Egypt's use of its arable land, less than four per cent of the total. One third, for example, goes towards production of clover for livestock feed a misalocation of refeed a misallocation of re-sources in a country forced to import more than helf its grain. At ramshacide food suisidy system encourages waste, Egypt has one of the highest per capita rates of hread consump-tion in the world, attributable to how prices that make it feas-ible for farmers to feed loaves

capital annual consumption of

### Unfavourable

Egypt is paying the price in s unfavourable agricultural seance of trade for the neglect of the past few decades, when there was a draft of land, capital and manpower to other uses. Investment in agriculture lags behind other sectors because of discriminatory government pricing policies over the years. National planning priorities have been skewed in favour of industry at the expense of agriculture, which accounts for 23 per cent of GDP but has attracted only 8 to 9 per cent of public investment. Exports of cotton (Egypt's

Exports of cotton (Egypt's long-staple variety is highly prized on the world market) land to livestock.

Lave sagged as domestic land to livestock. land. Exports of cotton in 1984 and forage crops, notably berwere about 170,000 tonnes com-pared with up to 700,000 tonnes in peak years several decades wheat for stock-feed because of

however, as figures might indi-cate. Egypt has identified its the misallocation of resource problems and is doing some-to livestock production and h thing about them. The question was anxious to see increase is whether this will compensate for the apparently unstoppeble population growth which is preventing a narrowing of the food gap. Population increase is 2.7 per cent compared with growth in agricultural output of

2 per cent.
Mr Yussuf Wali. Agriculture
Minister, is presiding over a
revolution in policy that admits
food self-sufficiency is no longer a realistic goal, Liberalised pricing mechanisms and eased quota requirements are encouraging "comparative advan-tage" land use for export-triented and high-value domes-tic products.

There have been successes. In 1981 Egypt imported 80,000 tonnes of beans, according to Dr Wali. In 1982, it had a modest quantity left over for export. The Minister says that in five years Egypt will have achieved self-sufficiency in lentil production. In 1984 it imported 44,000 tonnes. Egypt planned two to three

years ago to satisfy by 1990 domestic demand for eggs. It has done so already and is seeking to export 100m eggs this year to Arab countries. There are such surpluses of fresh mak that farmers unable to secure edequate prices are threatening to throw their produce into the canals.

Mr Wall's strategy is to ease

the burden of the continuing high level of grain imports by increasing exports of fruit, wegetables and medicinal products. Exports of 188,000 tomes of circus in 1984 were equivalent to imports of 1.5m tomes of wheat.
"We can be self sufficient for

all major sectors except wheat, which can be compensated for by exports of perishable food and vegetables," he said. A big challenge is to restrain

the apparently instatiable appetite for meat. With prices comparable to those in developed countries, farmers are devoting increasing areas of

seem (clover), increased. There are stories of farmers selling

to livestock production and h

made towards compensating farmers for crops subject to quotas and price restrictions such as sugar, rice, wheat and soyabeans, he says. There is free market in wheat and price paid for soyabeans and sesam Of those commodities sub-

ject to government regulation, only cotton and rice are being eally cotton and rice are being procured at below world prices. Mr. Wall says. But he noted that the Government is increasing its procurement price for cotton in 1985 by 28 per cent to arrest the decline in produc-

### Penalties

Land sown for cotton this year is 1.1m feddans (a feddan is a little more than an acre) compared with less than Im last year, the agriculture ministry estimates. The Government is to import inferior short-staple cotton to preserve export supplies of its high-quality, long-staple variety. It is being assisted by the U.S. through a \$35m commodity Land reclamation is continu-

ing but with limited success. The Ministry says about 200,000 feddans has been reclaimed from the desert over several years out of dotal reclaimed land of about 900,000 feddans. Another 400,000 is targeted for reclamation to 1987, the end of the current five-year plan. A drag on efforts to open up new land is shortage of invest-ment and lack of manpower in

the agricultural sector. This may be changing, however, be-cause the recession in the Gulf is lessening opportunities for Egyptian workers abroad.

Mr Wali hopes that new systems of irrigation such as the drip variety and the pivot system will increase entertainty.

drip variety and the pivot sys-tem will increase opportunities for production of high-value cash crops. The minister esti-mates that Egypt has sufficient water supplies to add about 50 per cent to the 6m feddans or so of cultivated land.

Egypt is also aiming to stop misuse of existing agricultural land for uses such as bousing and industry. From August brick factories that use irre-

|                 |         | Metr          |
|-----------------|---------|---------------|
| Experts         |         | tem           |
| Cotton*         |         | 170,0         |
| Citrus          |         | 183.0         |
| Potatoes        |         | 136,1<br>65,0 |
| Rice            |         | 65,0          |
| Onions          |         | 15,0          |
|                 | :       | 800           |
|                 | · · · - | . met         |
| Imports         |         | toup          |
| Wheat and flour |         | 6,3           |
| Cern            | -       | 1.5           |
| Vegetable oil   | ·       | _ 3           |
| Tallow          |         | 2             |
| Beef            |         | 1             |
| Frozen fish     | . : :   | 1             |
| Export sessor   | · ·     | ]<br>         |

placeable Nile soil will be closed while penalties are being enforced on building without permit on agricultural land. The government is also considering taking over mused farmland for cultivation, with rent being paid to the owner. Equipment hire centres have bean opened to promote mechanisation. Egypt is also developing the fertiliser industry and plans this year to export phosphate for the first time. But without further liberalisation of marketing and tationalisation of subsidies, chances of progress will be

Pricing policies since the 1960s have jeopardised the agri-cultural sector and harmed private investment, said Mr Hassan Ketr, Agriculture Under-secretary. Government controls over agriculture benefited other sectors, said Dr Ketr, who note that between the late 1960s and mid-1970s some 30,000 feddans a year were being converted to

Subsidies were introduced to offset the low price structure for agricultural commodities, but were never adequate to compensate farmers.

Unless Egypt is able to restrain population growth to 2 per cent, advances in economic tion will be wiped out, he said. At the present rate of increase the population will be about 75m by the year 2000, 10m more than the planning target.

Egyptian officials could do worse them examine China's ex-periences in restraining popula-tion growth through material incentives, while encouraging agricultural production by freeing prices and abolishing quotas.

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The World Bank, its principal

multi-lateral donor, also has a major programme. Last year Egypt received a total of \$1.83bn

and more than seven times the

put together. The U.S. is by far its largest creditor with total

disbursed debt outstanding at the end of last year of over

\$8.5bn including militery and Eximbank and Commodity

will receive in civilian eco-nomic assistance. Military debt

eccounts for nearly two-thirds of

any sewage overflow, and arrive

With the predicted decline in

level of direct investment.



sday June 5 1%

in development assistance — more than it canned from Suez I to competent Canal dues and tourism together promise the suffic

drough in water Parily by en uggert. Achbind and armin benefit of eq emale bouth titles and tenter e Mich Shipled in And county in K of signers found in men tand bath and to your costs but tenden and offi t tife! micht ! I it were but fe

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## Leaning more heavily on U.S. aid Like Israel, Egypt receives its military aid in grant form. Last year it received \$465m this way Assistance | MARGARET HUGHES

and \$900m in loans. This year's allocation of \$1.175bm is all EGYPT, ALONG with Israel, is the largest recipient of U.S. economic assistance. It is also the second largest for West German aid, the largest for Japanese assistance outside Asia and one of the largest for French aid. Until last year Egypt has had to pay interest on its military debt and unlike civilian aid the

terms are not concessionary. Since the military assistance programme was started in 1979, the U.S. has given \$4.5bn in loans to Egypt and \$1.09bn in grants. By the beginning of the current financial year \$4.29bn of this had been dispersed.

There is not the same concern over Egypt's civilian aid, in grant form since 1982.

#### **Problems**

With the predicted decline in The U.S. has committed its traditional sources of \$9.5hn to Egypt since the revenue—oil, workers remit-resumption of the aid protances, Suez Canal dues and gramme of which \$7.2bn has tances, Suez Canal dues and tourism—Rzypt will be even more dependent on its aid donors, and the U.S. in particular

When President Mubarak visited Washington in March he asked for an additional \$865m in assistance this year and a further \$10m in the 1986 financial year to belp overcome foreign currency problems.

He has been promised rather less—\$500m spread over two years. But the Government hopes it will be able to receive

years. But the Government hopes it will be able to receive gramme are at concessionary it all in this calendar year, since the next fiscal year for Cotober.

Egypt receives from the U.S. Support Fund administered by more than twice the level of aid that it gets from all other donors project funing. Like the rest nut tweether. The U.S. is hy of the ESF programme it is of the ESF programme, it is new in grant form.

In the current financial year, which for USAID programmes runs from October to September, Egypt is receiving \$1.04bn plus an additional cash transfer allocation held over from last Credit Corporation loans.

Servicing this debt will require \$726.3m this year allocation held over from last year plus whatever it receives of the \$500m promised.

The high U.S. development assistance to Egypt is a reflection of its strategic and political importance to the U.S.

this year's debt service burden.
Egypt is already in arrears
on its military debt to the U.S.
and has been since the middle on its military debt to the U.S. A major problem of the and has been since the middle USAID programme in Egypt has of last year. Ahead of President been the low level of distursements but made sufficient payments to keep its military 1982, when \$2.50n (37 per cent facilities). A major problem of the and has stopped extending log loans to Egypt since 1982 financial aid and a further since in longer meets income size in technical assistance at the low level of distursements. The IDA has stopped extending log loans to Egypt since 1982 financial aid and a further sale and more on investince 1973, has similar problems with disbursement. This is partly because the bulk of its par major problem of the



Flyovers are springing up almost overnight in a priority infrastructure programme

This coincided with the arrival in Calro of Mr Michael Stone, a former businessman, to head the USAID mission, and who made it a priority to un-block the pipeline.

By the time Mr Stone left last November, the level of dis-bursements had exceeded new obligations for the first time in two consecutive years. Nonetheless his successor, Mr

Nonetheless his successor, Mr
Frank Rimball, still has a pipeline of \$2.4bn of undisbursed since 1974 after relations were
line of \$2.4bn of undisbursed since 1974 after relations were
funds. Part of the problem is
that the bulk of this is project
funding with long lead times.

The lower level of disbursement is not confined to USAID
funds. Other donors have
similar experiences. Of the
suffering bottlenecks.

This has been due partly to
suffering bottlenecks.

This has been due partly to
delays in the Cairo metro
projects.

Total French aid committed
by the World
Bank in IBRD loans since 1970,
only some 55 per cent has been
disbursed. Absorption of the
soft loans extended by its IDA
annual programme
to Total French aid committed
to Egypt is Fr 7.23bn (\$769m).
The annual programme
to relleis are still drawn with
involvement in Vietnam and
lran. USAID is attacked for
using Egypt as an extended
research laboratory for academics collecting data which has
little relevance to Egypt; of
providing employment for
than Egyptians; and for concentrating on infrastructure projects doing little to improve
to Egypt is Fr 7.23bn (\$769m).
The annual programme
that the bulk of this is project
fundis. Part of the problem is
tran. USAID is attacked for
using Egypt as an extended
mics collecting data which has
than other donors, is also
suffering bottlenecks.

This has been due partly to
delays in the Cairo metro
than Egyptians; and for concentrating on infrastructure proproductivity.

Mr Laudato agrees that Egypt
is right to question the programme but feels that USAID is

Dream brought closer to realisation

to be transferred to another if it is delayed or cancelled, or if Japanese companies are not successful in winning the con-

While donors complain about the low absorption by Egypt through slow decision-making and other bureaucratic holdups,

they are not without fault themselves.

There has been strong criticism of the USAID mission. in particular, which is rapidly becoming a replica of the Egyptian ministries which it

liaises with. Mr Stone, when he left in November, said he would like to see the number of USAID projects cut by a third and the staffing by a quarter. The mission had been administering hundreds of projects in hundreds of institutions which were "heavy in terms of burden and light in results."

Following his departure, USAID in Washington commissioned a study into the efficiency of the Cairo mission, This is understood to have shown that millions of dollars were being wasted through indecision and bureaucracy.

Mr George Laudato, the associate director for programme policy and evaluation, says an immediate cut in the number of projects is difficult by disagreements over exchange rates. The World Bank and Egypt reached a compromise on a more market related rate in February.

in February.

West Germany, which has as so many are under way. replaced Japan as the second However, he anticipates a halv-largest bilateral annual aid douor, claims that Egypt is twice as slow at absorbing funds as any other country to which it gives assistance. Of the total DM 3.9bn (\$1.27bn) extended rallels are still drawn with since 1974 after relations were involvement in Vietnam and resumed. 40 per cent is Iran. USAID is attacked for

arm, amounting to \$974m, 10 per cent and is currently gramme but feels that USAID is responding better to use to use the tag of about is right to question the prospect of the cent.

The IDA has stopped extending loans to Egypt since 1982 financial aid and a further since it no longer meets income \$34.4m in technical assistance structure and more on invest-

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> BALANCE SHEET AS AT DECEMBER 31, 1984 (in million dollars)

|   | 1983         | 1984  |
|---|--------------|-------|
|   | (\$1=83 LE.) |       |
| Total assets and liabilities              | 274.5        | 295.4 |
| ASSETS                                    |              |       |
| Cash and deposit with banks               | 162.6        | 155.3 |
| Loans and advances                        | 88.8         | 111.7 |
| Investment at cost                        | 3.2          | 4.9   |
| Bank premises at cost                     | 7.6          | 10.4  |
| LIABILITIES                               |              |       |
| Deposits and current accounts for clients | 151.3        | 173.2 |
| Deposits and accounts due to banks        | 67.2         | 58.2  |
| Total shareholders equity                 | 35.1         | 38.8  |
|   |              |       |

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1984 (in million dollars)

1984 (\$1=83 L.E.) 25.0 Total income Total expenses 20.4 Total profit for distribution

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# \$345m. This is in addition to cleaning and melsitenance on misation is seeking more aid for currency costs. There is much the \$2.285m committed to intra-both sides of the Nile. This this part of this phase and has relief that the Damienta project structure since the economic mittal work, tooting some approached the UK Governis on schedule. While the new metro is

It is being undertaken as a joint project with the UK, which Indging by the activity going has provided £50m in aid. The into rehabilizating Egypt's EEC is also providing infrastructure that dream should not be very far from system and associated pumping stations in the industrial city up overnight, the central Tahrir of Helwan, south of Cairo, in Square is being dug up to make its largest project funding in

Infrastructure accounts for the largest proportion of assistance provided by the U.S. through its Economic Support Fund (ESP). Of the \$450 committed last year to project funding \$338m was allocated to infrastructure and in the correct year the allocation will be cartied out the preliminary that the first part of the

MARGARET HUGHES

MARGARET HUGHES

MARGARET HUGHES

MARGARET HUGHES

MARGARET HUGHES

Was resumed in 1975.

The largest component in both years' allocations is for water and sowage. The U.S. legal niggling, contracts for the main project are finally being let and work has started.

Structure since the complete in a year.

After many years delay due to bureaucratic wrangling and Egypt's infrastructure credits. Its biggest project is in the main project are finally being let and work has started.

Structure since the complete in a year.

Development assistance from a project is also heavily geared to to bureaucratic wrangling and Egypt's infrastructure credits. Its biggest project is in the Cairo water and sowage. The U.S. legal niggling, contracts for the main project are finally being let and work has started. telephone, hop on the metro wastewater system which will the first phase on the east or drive smoothly across town without having to circumvent wastewater system. The first phase on the east bank is due to be completed by June 1989. Additional foreign

currency funding has had to be raised for this first phase through an £85m ECGD-backed export credit arranged by Mid-land Bank and Samuel Montagu, bringing the total export credit financing to £185m.

stations in the industrial city of Helwan, south of Cairo, in the new metro and elsewhere telephone cables and wastewater collectors are being laid.

Egypt has made improvement of infrastructure a priority of the current five-year plan, in particular the improvement and expansion of water and wastewater systems, Infrastructure accounts for the largest proportion of assist-

\* No local funds

ject was started some time ago by local contractors but has

ment. While the new metro is Development assistance from supposed to be the miracle cure

had to almost treble its commit-ment for the first two phases.

The first phase involves a 4.5 km underground line through the heart of Cairo plus five stations. This will link the urban overground rail lines to El Marg in the north-east and Helwan in the south-east, form-ing a 43 km line serving 33

Lyons metro in France and the line should be in operation by the end of 1987—two years behind schedule. It is planned to transport 60,000 passengers

per hour.
The visibility of this project,
which is already known by
Carenes as the French Metro,
has done much for the French
Government in public and com-

been delayed, so contracts for Government in public and comelectrical and mechanical work and equipment have only just gone out to tstuder. Consultants are Dorsch Consult of West been. As with the financing committed by France for the financing committed by France for the new Damietta port, 160 km east standing: the second phase of Alexandria, the French the east bank and the Ahu Rawash treatment plant.

The Cairo Wastewater Orga-

France is also heavily geared to for Caéro's traffic congestion,

Egypt's infrastructure credits. and the new wastewater project Its biggest project is in the should transform the environment for many, few of these promised benefits can yet be Benefits of the \$1.8bn tele-

communications project being undertaken by the Franco-German-Austrian consortium of Thomson CSF, Siemens and Siemens Osterreich with support from their governments are more apparent. This con-tract, awarded in 1979, is finally on course after lengthy delays. This project will add 500,000 telephone lines and rehabilitate

another 250,000. USAID is also financing a \$317m programme by AT & T and Ford Aerospace to add some 300,000 lines and eight exchanges, while Rayethon, is installing microwave links be-tween the exchanges. All this will be completed this year.

The next major infrastruc-ture project is the Cairo ring road, expected to cost some \$350m. Although France's Omnium Technique Holdings undertook the study for this 732m project lest more decreased 78km project last year financed by USAID, the French Govern-

by USAID, the French Government, is steering clear.

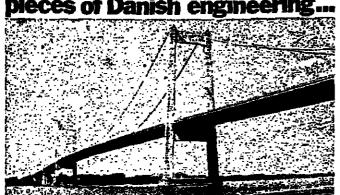
The next city seeking "rehabilitation" is Alexandria, which has its own masterplan involving investments of \$20km. Meanwhile, six international companies have pre-qualified for the daunting task of streamlining Cairo's urban management. The two-year project, which is being backed by \$3.6m World Bank financing, will involve co-ordinating all these large infrastructure projects.

## Cairo wastewater contracts

| J  | Contract No. and description   | •                                  | Est er | et (m)   |
|----|--|------------------------------------|--------|----------|
| ı  | EAST BANK PHASE 1  | Contractor                         | £      | 154      |
| 1  | 1 Ameria Pumping Station—civil engineering                                 | Christiani-Nielson/Misr Concrete   | 15     | 2:       |
| ŀ  | 2 Ameria mechanical/electrical   | G.E.C. Elect. Projects Ltd.        | 11     |          |
| ·ł | 3 Main tunnel—Ameria to Souk El Samak                                      | Angle-Egyptian Wastewater Consort. |        | 60       |
| }  | 4 Main tunnel—Souk El Samak to Abdeen                                      | Lilley Cons./Misr Engineering      | 36     | 57       |
| ı  | 6 Culvert—Ameria to Urban Boundary   | Arab Contractors                   | 1      | 4(       |
| ŀ  | 8 Culvert—Kossous to Gabai El Asiar  | C.R.C. (Hassan Dora)               | .1     | 51<br>51 |
| 1  | 12 Main tunnel—Abdeen to Ein El Sira                                       | Angle-Egyptian Wastewater Cons.    | _43    |          |
| ١  | Sub-total contracts awarded  |                                    | 148    | 304      |
| ١  | 7 Culverts—Urban Boundary to Kossous<br>9 Pumping stations—Kossous, Khalag | Not yet awarded                    | _      |          |
| 1  | and Force Mains 10 Gabal El Asfar Wastewater Treatment                     | Not yet awarded                    | _      | · -      |
| 1  | Plant, etc—civil engineering   | Not yet awarded                    | -      | _        |
| Ξ  | 11 Gabal El Asfar—mechanical/electrical                                    | Not yet awarded                    | 98     | 245      |
| Į  | Total estimated costs  |                                    | 246    | 541      |
| ł  | WEST BANK PHASE 1  |                                    |        | E        |
| ı  | Fleoding relief  | Various local                      | 57     |          |
| }  | 010 Rehab main pumping stations  | Howard, Harbert, Sedebny           | 55     |          |
| ı  | 007 Rehab subsidiary pumping stations                                      | Sedelmy                            | 11     |          |
| t  | Total estimated costs  |                                    | 123    | 75       |
| ı  | WEST BANK PHASE 2  |                                    |        |          |
| 1  | 20 Sewers, collectors  | Not yet awarded                    | 143    |          |
| ł  | 21 Culverts  | Not yet awarded                    | 165    | 1        |
| 1  | 22 Pumping stations  | Not yet awarded                    | 123    | 4        |
| ı  | 23 Giza relief system  | Sedetmy                            | 20     | •        |
| 1  | Total estimated costs  |                                    | 451    |          |

Margaret Hughes reports how a delayed phone call led to a full-scale shake-up in hotels

Shoestring operation starved of funds



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Fantasy Land!

Tourism MARGARET HUGHES

STAYING at the once grand Old Cataract Hotel at Aswan can be somewhat less than idyllic nowadays — as President

Forced by a sandstorm to stay the night, he was told by U.S. tourists how run-down the state-owned hotel had become and w bad the service was

Field Marshal Aba Ghazala, his Defence Minister, had a taste of the bad service when he was unable to put through an urgent phone call to Cairo on president's behalf because operators had changed

The response, by Egyptian standards, was swift. The chairman of the board of the Egypt Hotels Company, which manages state-owned hotels, including names from the past such as the Winter Palace in Luxor and the Shepheards in Cairo, has been

replaced.

Dr Wagih Shindy, Minister for Tourism, has called for international groups to submit offers for running the state-owned hotels.

Fillow Hotels have been funds that experts question whether the Government is really committed to the industry.

Receipts have fallen from a peak of \$594m in 1980 as more

Hilton Hotels has plans to oin forces with MISR Hotels, the 50 per cent state-owned company which owns the Nile Hil-ton, among others. Hilton would have the majority shareholding in a new company to be called Egylton with an initital capital of E£1m.

Refurbishment

Initially the company will manage hotels being built by various state-owned hotel companies. It will take over the new 100-room hotel at Minya, owned by MUSR Hotels, and one the same size planned for Sharm el Sheikh in southern Sinai by a MISR Hotels subsidiary. Projects are being considered at El Arish in north Sinai and on the

Mr Aigned Nahas, general manager of Hilton in Egypt, will head the new company. He says emphasis will be on providing clean, comfortable, and functional hotel accommodation in the three to four-star cate-

Hoteliers point out that exist-ing big hotels require substan-tial refurbishment before they can be brought up to international standards. Mr Nahas year to 3.2 per cent. In the first says that Mr Ahmed Khaled, quarter of this year there was private sector partner in MISR, an 8.1 per cent rise.

Hotels, will provide the finance for such refurbishment. However, there remains the major problem that these hotels

are heavily overstaffed and under-trained. He and the other hoteliers will steer clear of takissues have been resolved.

International hoteliers is unfair to blame management for the way the public sector botels are run. They feel that Mr Nabil Helkal, the replaced chairman of Egypt Hotels, who had been in the job a short time, has been used as a scapegoat. The problem for the public sector hotels and of tourism in general, is the lack of government resources.

Tourism is run on a shoe-string and the ministry has little say in government decision-making. Tourism sur-

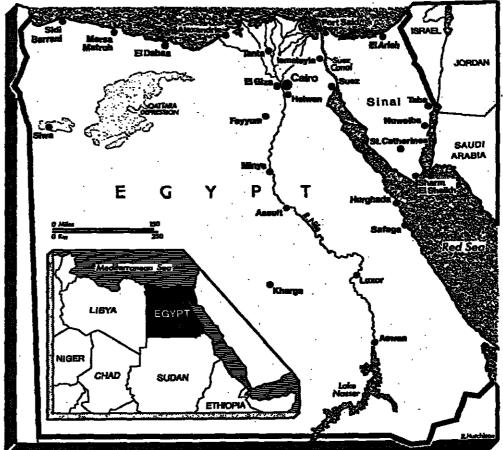
foreign exchange earner with the added advantage that it provides jobs and an outlet for local produce. But in spite of this is has been so starved of funds that experts question

money has been exchanged on the black market. Last year officially recorded receipts were down to \$233,3m. The Tourism Ministry reckons it loses 70 per cent of its revenue this way but hopes that the higher incentive rate at which tourists can now exchange currency will help stem the outflow.

What receipts there are have to be handed to the Govern-ment's central pool, which then allocates what it thinks fit to the industry, The Government's lack of

commitment to the industry is manifold. Over the past 18 tourism has gone a rough patch. there was a 4.2 per through cent rise in the number of tourists last year to 1.56bn this was a lower growth rate than in the previous year. The number of Arab tourists visiting Egypt actually fell.

Tourists are also staying in rent a shorter time. The Egypt a shorter time. The number of nights stayed has fallen dropping in each of the past three years. Thanks partly to the start of charter flights, the rate of decline slowed last



Hotel occupancy, is also well down on a few years ago, when near 100 per cent occupancy was the norm in Cairo. Occularly by the central bank. pancy rates last year were down sharply to 70.5 per cent in Cairo and as low as 53 per cent in Egypt as a whole from 75 per cent and 64 per cent respectively in 1983. This is partly because several big new hotels

have been opened in the last two years, adding an extra 3,523 rooms. In the first three months of this year arrivals were up 44 per cent, due mainly to an increase in visitors from OECD

countries who account for some 53 per cent of the total. But hoteliers say it is far short of Many tourists have been put off by the requirement to change \$150 each on entry at the airport at a different rate

of exchange than they are able to change money legally at banks in the country.

tial has widened as the incentive rate is now adjusted reguto its tourism industry.

At the airport they receive 82 plastres to the dollar. At a bank outside the airport they would get about 130 plastres and This means that a tourist is pay-ing an entrance fee of about E£72. Tourists have also com-plained about difficulties in changing Egyptian pounds back into foreign currency.

Hoteliers claim they have lost both tourist and conference trade because of these prob-lems. Dr Shindy says he has urged the Government to make the exchange rate the same at the airport and banks.

Dr Sultan Abn Ali, the Minister of Economy, says the system is under review but that tourists should accept the extra cost as the country's infrastructure.

The Government obtains only some \$35m from this so called

Camping

Hoteliers have also been hit by the sharp fall in business visits in the early months of this year because of uncertainty and confusion caused by the January economic measures. The tourist industry is also

suffering because it has few re-peat tourists. Egypt is a one-visit location, where tourists visit the archaeological sites but see no attraction in exploring the country further.

There has been much talk by the Ministry of Tourism of the need to promote recreational tourism, but little has been done. Tourists lured to the Mediterranean and Sinai coasts, for instance, are not happy that they are prohibited from walking on the beaches at night. Some have even been shot at coastguards policing the beaches against drug smugglers.

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much to improve the infrastruc-ture in Sinai but little to up-grade the hotel and camping facilities, which have become run down since they were handed over by the Israelis. Nonetheless, Dr Shindy says he is keen to attract recrea-tional and group tourists. He says the he recently hanned the construction of five-star hotels in major cities. The semiples in major cities. The emphasis

the three to four-star car and on tourist villages. As part of attempts to attract the less wealthy tourists it allowed charter flights for the first time in 1982. Lest year 300 filghts were operated by West German, Austrian, French, and Swiss groups to Luxor, Aswan and Hurghada on the Red Sea. These tourists have to stay for at least six nights, which has helped half the decline in tourist nights former.

This has run into problems however. A West German insurance company took 700 of its employees in four aircraft chartered from Lufthanse to Luxor and Abu Simbel. This led to protests from the

national airline, Egyptair, which is seeking a ban on any other similar charterers flying internal routes. Yet it does not have the capacity to meet the requirements of such a large

The potential for tourism in Egypt is vast. Apart from its archaeological sites, it offers year-round bathing on beautiful sandy bearies. In the Red Sea is an unparalleled combination of coral and fish life. But if the Government wants Egypt to realise this potential it will have to give its full-hearted commitment to tourism.

In particular it needs to look hard at those measures which are discouraging tourism. As one international expert said. "The Government is hiding its s against drug smugglers. head in the said and burying Government has done its tourism with it."

June. Working hours are more regular and the weather milder. Try and avoid the mouth of Ramadan which falls this year on May 20 through to June 17, from dawn to sunset.

VISAS from your local consulete. They are usually valid for three months and can be entended locally. They can also be obtained at Cairo airport.

HEALTH Vaccination against smallpox

and, in summer, cholera is required. Drink bottled water. Avoid tap water and therefore ice except in spirits. Raw vege-tables and salads, unless eaten in a home or first-class restaurant are to be avoided. first-class CURRENCY

Egypt has four effective rates to the Egyptian pound, official rate US\$1 to E£0.7 which applies to the Central Bank pool used to finance imports of essen-tial commodities and cover Government debts. The official incentive rate is \$1 to E£0.84 and is the rate at which visitors entering the country have to change the equivalent of \$150, and is the rate of purchase of airline tickets. There is a floating rate of around \$1 to Ef1.3 which is the rate at which hotel bills are paid, and the black-market rate is approximately \$1

WORKING HOURS All ministries, some of the organisations affiliated to them, organisations difficated to them, and banks take both Friday and Saturday off. Public sector banks are open to the public from 8.30 am to 2 pm, while others are open from 9 am to 2 pm, During Ramadan the working hours are from 10 am till 1.30 pm, in public sector banks, and from 10 am to 1 pm in

TRANSPORTATION Taxis are readily available. Black and white ones are Black and white ones are cheaper but usually do not go by the meter. Air-conditioned limousines are available at the airport and big notels at fixed

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